

# Herald Tribune

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## Five Are Freed By Hijackers as Japanese Yield

ACCRA, Sept. 29 (UPI)—Five Red Army guerrillas released five of 151 hostages aboard a hijacked Japanese plane jet, after Japan agreed to the terrorists' demands but it could not meet the original bid.

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Japan reported that one of the hijacked radicals that hijackers have demanded freed refused to leave jail.

Tokyo's justice minister, Hajime Fukuda, resigned in protest of the government's capitulation. Four of the guerrillas were believed to be Japanese, and all appeared to be under the age of 30. Airport officials said they believed the guerrillas had five 38-caliber pistols, four grenades and plastic explosives.

The terrorists received food and fuel supplies after releasing the five hostages. The freed hostages reported that the passengers and crew aboard the plane were remaining calm.

In a radioed message the hijackers said they would release women, children, Indians and Pakistanis aboard the plane after delivery of the prisoners and the cash, but would keep the other hostages aboard until they reached their ultimate destination, which was not known.



Released by terrorists, hostages leave Japan Air Lines DC-8 at Dacca, in Bangladesh.

One of the freed hostages was Carole Karabian, 28, the wife of former California Assemblyman Walter Karabian, who remained on the plane.

"It was the worst experience of my life," Mrs. Karabian said, describing how the five guerrillas commandeered the Paris-to-Tokyo flight shortly after the DC-8 jet left Bombay Wednesday morning.

"They had automatic pistols in their left hands and grenades and plastic explosives in the other," Mrs. Karabian said, and she quoted the guerrillas as warning, "If there are any tricks, the plane gets blown up."

Kurt Krueger, 31, a former teacher in Los Angeles who had been studying yoga in India for the last year, walked off the

plane with his hands bandaged. Mr. Krueger's hand injuries were said to be unconnected with the hijacking.

The other three hostages freed were George Vergheze, 35, his 25-year-old wife and their 2-year-old son. Officials in Dacca said they were Indians, but other reports said the family was from Glendora, Calif.

## Carter Assails Lobbyists Opposing His Energy Program

By Robert Siner

WASHINGTON, Sept. 29 (UPI)—President Carter strongly urged Senate today to ignore pressure from lobbyists and adopt his energy program, warning that the cost of failing to do so would just too high for our nation.

President, speaking in a daily televised press conference, declared: "We are now at a critical point in establishing comprehensive energy policy."

He praised the House for its action last spring in approving his energy package and what he described as "measures" that he said he accepted by the Senate to protect the U.S. economy, national security and well-being.

Carter listed the measures: tax on gas-guzzling autos, the conversion by industry of oil and natural gas to other fuels and a well-tax on previously discovered bringing the price up to world with the tax being rebated to consumers.

President did, however, off somewhat from his insistence on the rebate, that he would accept an alternative combining a partial with a fund for mass transportation, home insulation and research.

Bar Industry Benefits

Carter stated emphatically he would not agree to any bill that would turn the "oil companies" into a "tax shield" that we do not accept," he said, "the argument from oil companies that we have wide incentives for wells

that were drilled in 1970 or 1972 or earlier, when oil prices were only one-quarter of what they are now."

The President's proposed wellhead tax and partial rebate on previously discovered oil has run into stiff opposition in the Senate Finance Committee and the full Senate, as have most of his other energy proposals.

During a month of often bitter debate, the Senate has moved to eviscerate the President's energy program.

Currently the chamber is embroiled in a filibuster over deregulation of natural-gas prices with anti-deregulation senators tying up all Senate business by proposing 308 amendments to a proposal for complete freedom of pricing in the market.

A compromise, offered by Senate Majority Leader Robert Byrd, D-W. Va., would keep price ceilings but would raise them above what the President wants. The compromise was accepted "reluctantly" by anti-deregulation

senators, but those who want total deregulation have threatened a filibuster of their own on the issue.

The President directed some of his harshest criticism today against gas companies that have been lobbying hard for deregulation.

"We do not support complete deregulation of natural-gas prices, which would provide windfall profits without significantly increasing supply," he declared. "Deregulation would cost con-

sumers an extra \$70 billion by 1985 but would increase supplies very little, if any."

Mr. Carter said that natural-gas prices have increased 500 per cent during the last six years while production during the same period has steadily declined.

He called on the Senate to "act responsibly" and reject deregulation while changing its recent course and accepting his energy program.

The President expressed con-

While Renewed Cooperation Is Urged

## Infighting by French Left Continues

By Jim Hoagland

RIS, Sept. 29 (WP)—The quarrel between leftist parties was continuing today, but with mutual accusations of bad faith and demands concessions.

A letter released to the Socialist party formally the Communists to re-take on a joint leftist platform. The talks up Friday in a dispute that has to tear apart the alliance of the two large parties and the minor Leftist radicals.

Would Not Budge

The Socialist statement Communist call for new that preceded it proposed drastic steps for breaking adlock. Moreover, leaders parties reiterated that they not budge from their stance on nationalization of French industry and on

parties appeared to be in for a tense 7-to-14-day of testing the resolve of each other. The two committees of the two are not scheduled to meet Wednesday.

A public pressure cam-

aigns aimed at producing maximum concessions are mounted, private contacts will be held to arrange a final negotiating summit for a last-ditch effort to patch together an agreement, informed French and diplomatic sources now predict.

The sources point out that while the Socialists and Communists have been hunting criticisms at each other, they have refrained from unleashing their followers in the important trade unions.

## France Seeking Fuels in Russia

MOSCOW, Sept. 29 (Reuters)—France is in the market for Soviet uranium and natural gas and also wants to step up its oil imports from the Soviet Union, provided the price is right, French Prime Minister Raymond Barre said here today.

Mr. Barre announced his energy shopping list at the 13th session here of the French-Soviet Scientific, Technical and Economic Commission.

The French Prime Minister is in Moscow on a working visit to head the French delegation to the joint commission in its capacity as finance minister.

They influence in what would be an all-out public confrontation that could put the dispute beyond repair.

Prospects Hazy

The Gaullists and centrist forces of President Valéry Giscard d'Estaing began to give their first public responses to a dispute, which appears to be seriously harming the strong prospects the Leftist Alliance had of winning a majority in the National Assembly in elections next March.

Gaullist leader Jacques Chirac insisted in a speech to his party that his strategy of jumping the Socialists and Communists together as a Marxist "Red peril" for France was unaffected by the split of the Leftist Alliance. While welcoming the support of the non-Marxist Leftist Radical voters, Mr. Chirac said that he continued to oppose strongly any moves to open to the left and too away moderate Socialists from the Leftist Alliance.

This left Mr. Chirac without a clear strategy of attack for the moment and once again at odds with Mr. Giscard d'Estaing and Prime Minister Raymond Barre. Mr. Barre suggested yesterday in a message to the Gaullists that "the French political landscape has been changed" by the split.

## N.Y. Concorde Ban Is Lifted; Appeals Expected

By Natalie Layzell

NEW YORK, Sept. 29 (UPI)—The 18-month ban on Concorde's use of Kennedy Airport was lifted today, but the British and French face more court appeals before the runway is cleared for landing their supersonic jet in New York.

The Second Circuit Court of Appeals ordered the lifting of the ban on the controversial plane by the airport's operators, the Port Authority of New York and New Jersey. But the federal appeals court said that the Anglo-French jet would have to conform to new noise standards, and it said the authority retains the power to impose new sound levels for the supersonic transport.

Further delays on landings are likely inasmuch as the court specified that its ruling would become final in 31 days. The Port Authority did not announce immediately whether it would appeal, but each side in the lengthy battle has said that it would appeal if it lost.

Unless all nine appellate court judges are asked to rehear the case as a unit, the Concorde controversy will go to the Supreme Court for a final decision.

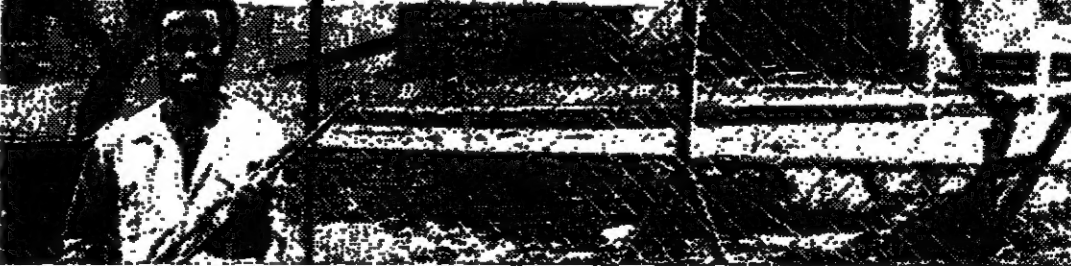
Lower-Court Ruling

Today's action follows the finding six weeks ago of U.S. District Judge Milton Pollack that the ban on Concorde's use of Kennedy was illegal because of an "excessive and unjustified" delay in setting noise standards for the SST.

The Port Authority is now basing its opposition to Concorde on new data about the annoyance that residents of areas near Kennedy's jet facing because of Concorde's noise-making engine vibrations. The authority is arguing that it needs time to develop a "vibration rattle index" so that the potential annoyance can be taken into account in setting standards for the SST.

The Carter administration proposed last week that the present 16-plane fleet of Concorde be allowed to land at airports in at least 13 U.S. cities, including New York, unless they are barred by local authorities because of "reasonable, nondiscriminatory noise rules."

Transportation Secretary Brock Adams announced the existence



Standing in front of sign welcoming visitors to Jigiga, once a key Ethiopian Army base, is a soldier of the Western Somali Liberation Front. Ethiopia has not admitted loss of town.

## Somalis Said to Be Nearing 2d Stronghold

NAIROBI, Sept. 29 (UPI)—Somali insurgents have pushed about two-thirds of the way on their march to capture Harar, a second Ethiopian stronghold north of the Ogaden Desert, diplomatic sources in the Ethiopian capital said today.

The sources said that the Somalis mounted an intense artillery barrage on the town of Bahle, about 25 kilometers east of Harar. The attack has continued for two days.

The diplomats said that the exact location of the Somali force was difficult to pinpoint because the size and range of its artillery were not known.

The Somalis reported that 80 Ethiopian troops were killed at Bahle Tuesday and large quantities of arms and ammunition were captured by the Western Somali Liberation Front.

The reports indicated that the Somalis were gaining in their efforts westward to Harar, where the Ethiopian Army's Third Division has its headquarters.

The town lies in hilly terrain, giving the Ethiopians a strategic advantage and limiting the deployment of tanks, which the Somalis used to great effect in the fighting for Jigiga.

The Somalis have pledged to continue fighting until they "liberate" all land which they consider part of a historical greater Somalia.

Somali guerrillas have indicated that they intend to push to the Awash River, which would bring them within 100 kilometers of Addis Ababa.

The Ethiopians have denounced what they see as a Somali invasion and have vowed to keep fighting until the Ogaden Desert region is cleared of Somali forces.

## Reaffirms View on PLO Russian SALT Stance Encouraging to Carter

By Fred Farris

WASHINGTON, Sept. 29 (UPI)—President Carter expressed encouragement today about what he termed "the cooperative attitude" of the Soviet Union in strategic arms negotiations although he cautioned that an "immediate agreement is not in prospect."

In a televised press conference, the President reaffirmed U.S. willingness to "meet with and to work with" the Palestine Liberation Organization once the PLO endorsed United Nations Resolution 242 acknowledging the right of Israel to exist.

This would be so, Mr. Carter said, even if the PLO were to say that it felt Resolution 242 did not adequately deal with the Palestinian issue because, as Mr. Carter expressed the Palestinian viewpoint, "it only refers to refugees and we [the PLO] think we have a further interest there."

At the same time, Mr. Carter said a Middle East peace settlement could not be achieved without adequate Palestinian representation at a Geneva conference, but he added that he had not yet resolved in his own mind whether the PLO should represent the Palestinian cause.

Immediate agreement is not in prospect.

"We have narrowed down the differences to a small number which could take quite a long time to resolve. Negotiators are now going back to Geneva to try to eliminate as many of the differences as possible, so reasonable progress has been made."

But he cautioned, "I wouldn't be too optimistic about an early settlement." He added that there is no plan at this time for a meeting with Mr. Brezhnev. Mr. Carter noted that, strictly speaking, it was Mr. Brezhnev's turn to visit the United States, and "he has that permanent standing invitation which he may accept as he sees fit."

Mr. Gromyko had said after a 1 1/2-hour meeting Tuesday night with Mr. Carter at the White House that there was "some further progress in narrowing the differences" over a nuclear accord to replace the first SALT agreement, which expires Monday. He said that "both sides have... a firm intention to work toward the conclusion of a second agreement."

The President dwelt at length on the difficulty of trying to help (Continued on Page 2, Col. 1)

## 1st Regional Autonomy Move Madrid Acts to Re-Establish Home Rule for Catalonians

MADRID, Sept. 29 (UPI)—The government of Premier Adolfo Suarez today approved the re-establishment of home rule for Catalonia, which the highly industrialized northeastern region lost under the Franco regime.

The granting of an autonomy statute for Catalonia was seen as a first step toward solving Spain's minority problems. In the next days, the government will begin formal talks with Basque nationalists on home rule for the four Basque provinces.



Adolfo Suarez

The autonomy statutes are, however, provisional, drafted by the Cortes (parliament).

After 37 years of tough centralism under the late Generalissimo Francisco Franco, most of Spain's regions are pressing for a degree of self-administration. Gallecia in the northwest, Andalusia in the south and the Canary Islands in the Atlantic appear to be next in line for a statute giving them rights similar to those of a U.S. state.

The three government decrees re-establishing the Generalitat—the Catalan regional government that dates to the 18th century—were approved in a 2 1/2-hour Cabinet meeting, government sources said.

Frederic Roldan, representative in Spain of the Catalan government in exile, told reporters: "This is an emotional and long awaited moment. It is the culmination of years of struggle."

The special Urgent Affairs Committee of the Cortes met earlier today to give its approval to the decrees.

The Cabinet meeting followed the conclusion of negotiations between a representative of Mr. Suarez and Catalan nationalists which, both sides said, ended in full agreement late Tuesday. The talks were held in Perpignan, France.

Catalonia, which comprises the provinces of Barcelona, Gerona, Lerida and Tarragona, had its last period of home rule from 1822 to 1938.

Gen. Franco punished the Catalans for having fought against him in the civil war by abolishing their autonomy statute and putting them under strict central rule. He banned all expressions of the region's nationalist feelings and forbade the public use of its language.

The three-month talks on the restoration of home rule were conducted between Mr. Suarez's adviser for minority questions, Salvador Sanchez Terran, and Josep Tarradellas, chief of the Catalan government in exile. The final phase was attended by representatives of the main political parties of the region.

Parties supporting home rule won a landslide victory in the June 15 general elections in Catalonia. On Sept. 11, more than 1 million Catalans took part in a pro-home rule street demonstration in Barcelona.

## Debate Opens in UN Council On UK-U.S. Rhodesian Plan

By Don Shannon

UNITED NATIONS, N.Y., Sept. 29.—The Security Council opened debate yesterday on what U.S. Ambassador to the UN Andrew Young called the "Anglo-African-American" plan for peaceful transition to majority rule in Rhodesia, with delegates in apparently unanimous agreement on at least the first step.

That step would be the council's authorization of the appointment of a special UN representative to help plan the transfer of power to a new republic when Rhodesia's present Prime Minister, Ian Smith, steps down.

British Foreign Secretary David Owen, who took the British chair in the council to present the peace proposal, said "what we propose is a limited step; today no one is required to pronounce on the package as a whole. The aim is to bring together the parties who are doing the fighting."

Britain's draft resolution asked merely that Secretary-General Kurt Waldheim name a representative to begin discussions with the British resident commissioner designate in Rhodesia and with all other interested parties concerning the transition to majority rule. Field Marshal Lord Carver, former chief of the British general defense staff, has already been designated as the resident commissioner.

No official nomination has been made for the UN post, but

Brig. Gen. Prem Chand, former commander of the UN peace-keeping force in Cyprus, reportedly is in line for the appointment.

The British resolution also requested Mr. Waldheim to report on the results of the planning discussions as soon as possible.

Despite the seeming agreement to the council's proposal, the session after 11 speeches, the council resumed debate today.

The council went into private (Continued on Page 2, Col. 1)

## Russians Launch A Space Station

MOSCOW, Sept. 29 (AP)—The Soviet Union today launched a new space station, Salyut-6, in apparent preparation for a new series of manned space flights.

The Soviet news agency Tass described Salyut-6 as an "orbital scientific station." It was apparently launched unmanned.

The launch raised the prospect of a major mission by Soviet cosmonauts in honor of the 60th anniversary of the Bolshevik Revolution, to be celebrated Nov. 7, or to mark the 20th anniversary of the first Sputnik flight on Oct. 4.



## Pol Pot Hails Hosts in China

# Leader Says Cambodia Is Thriving

By Fox Butterfield  
HONG KONG, Sept. 29 (UPI).—Cambodia's principal leader, Pol Pot, said in Peking yesterday that the situation in his country is "excellent" and indicated that Cambodia's recent border clashes with Vietnam and Thailand grew out of disputes over territory lost by Cambodia in the 19th century.

Speaking at a dinner in his honor in the Great Hall of the People, Mr. Pol Pot said that, because Cambodia had "lost much of its territory" in the 19th century, "the entire Cambodian people must defend their existing frontiers and see to it that they will never be lost." He called Cambodia's "reduced frontiers" a "distressing result" of feudal and colonial rule.

In recent months Cambodian troops have had a series of border clashes with Vietnamese and Thai forces and some diplomats said the reasons for the disputes were obscure. The fighting on the Vietnamese border became so serious that last month Hanoi's defense minister, Gen. Vo Nguyen Giap, made an inspection tour of the frontier area in the Mekong Delta.

Mr. Pol Pot, identified Sunday as the head of Cambodia's Communist party as well as Premier, is in China on what has been described as an "official, friendly tour," his first known trip outside Cambodia since the war there ended on April 17, 1975.

Party Identification  
Mr. Pol Pot said that his trip to China coincided with the Cambodian Communist party's decision to announce its existence.

Until Sunday, the country's new leaders had referred to themselves as Anka, or "the organization."

The Phnom Penh radio today broadcast a recorded six-hour speech in which Mr. Pol Pot said for the first time that Cambodia's Communist party had been the guiding force behind the country's revolution. The speech was broadcast, the radio said, to mark the 17th anniversary of the party's founding.

In an effusive tribute to China for its aid during and after the war, the Cambodian leader said in Peking last night that there is a "great, unbreakable and everlasting militant solidarity and revolutionary friendship between our two parties, our two people and our two governments."

## Carter Says Soviet Attitude On SALT Is Encouraging

(Continued from Page 1)  
receive the Arab-Israeli dispute, even to the extent of bringing the parties together at a reconvened Geneva conference.

"It's obvious to me," he said, "that there can be no Middle East peace settled without adequate Palestinian representation."

The Arab countries maintain that the PLO is the only legitimate representative of the Palestinian people. The Israelis say they won't deal with the Palestinians, certainly not well-known PLO members, because they have been identified in the past as committed to the destruction of the nation of Israel.

Mr. Carter said the United States, as an intermediary, is aware of this nation's "vital national interest" in a Middle East peace, was trying to get agreement between Israel and the Arabs about the format of a Geneva meeting. He added, "We have no national position on exactly who would represent the Palestinians or exactly what form the Arab group would take in which the Palestinians would be represented."

Syrian Foreign Minister Abdel Halim Khaddam caused a stir here yesterday when, after meeting with Mr. Carter, he said: "I insisted on our position, which is that all the parties concerned have to participate and that's why the PLO has to be involved, and our two viewpoints coincided regarding the possibility of forming a unified Arab delegation including the PLO."

It was seen as a major departure in the official U.S. position on the PLO role. If Mr. Khaddam's statement proved correct, the United States has said only that "Palestinians" should be at Geneva.

Mr. Carter sought today to straighten out the confusion by saying the PLO was not "the exclusive representative of the Palestinians."

"It is a group that represents a substantial part of the Palestinians. . . Obviously there are many and local officials in the West Bank area who represent Palestinians, and they may not be members of the PLO," he said.

## Debate Opens On Rhodesia

(Continued from Page 1)  
consultations last night after the adjournment over reported African objections to the wording of the resolution.

Joshua Nkomo, representing the Patriotic Front, the guerrilla alliance opposing Rhodesia's white-ruled government, told the council that Britain's efforts toward peace represented a victory for the black nationalists.

Mr. Nkomo said that he would not oppose the resolution, but he added that the liberation movement would demand a voice in selecting the UN representative and in spelling out his powers and duties.

Ambassador Thomas Boya of Benin, one of three African members of the 15-nation council, supported Mr. Nkomo's statement and said that the peace proposal should be considered parallel to, and not a substitute for, armed struggle.

Mr. Young agreed with Mr. Nkomo that it was the strength of the liberation movement that finally had brought the question of Rhodesia to the Security Council. He also echoed Mr. Nkomo's call for preserving the Rhodesian economy as a vital asset for the new state.

Glancing toward Soviet Ambassador Oleg Troyanovsky, Mr. Young said that he hoped that the "so-called superpowers" had learned that there is nothing to be gained from intervention in Africa. He said that international cooperation is needed to solve Africa's problems.

Outside the council chamber, Mr. Nkomo said that he neither supports the resolution nor opposes it. "We want to know who he is going to be," he said of the appointee. "He must represent decolonization, not reconquest, and we want the appointment to be made by the secretary-general in consultation with all the parties."

Although none of the council members who spoke opposed the first step, some emphasized that they may dispute other phases of the British-U.S. plan.

## 2 Die, 100 Evacuated In Blaze In Vienna

VIENNA, Sept. 29 (UPI).—Firemen evacuated about 100 persons, including guests at Vienna's Hotel Parkring, when a fire broke out today in a basement photographic laboratory, killing at least two persons, a police spokesman said.

About 60 persons escaped by ladder from upper floors of the 13-story building, which houses the hotel, a cinema, a car showroom, apartments and offices, the spokesman said. Police said that seven persons were hospitalized with smoke inhalation.

Refugees have reported that almost all people who were school teachers under the former regime have been executed and that instruction has been reduced to simple political lessons. But Mr. Pol Pot also contended that now "tens of thousands of our young men and women work in the many branches of science and technology."

Cambodia has solved its food problem, he said, by producing enough grain to feed its people an average of 212 kilos of rice per capita. Refugees have spoken of widespread hunger.

The new Communist government has set up a "network of hospitals and pharmaceutical centers" so that for every 100 families there is a clinic with 20 beds, three "primarily trained medical personnel and a shop for making herbal medicine."

Refugees have reported that Cambodia's doctors considered members of the aristocracy, were executed and that medical care is virtually nonexistent.

According to sources close to the Bukharin family in Moscow, a party official informed relatives in June that Bukharin was still considered guilty of the "crimes" for which he was condemned as the chief defendant in the last of the big purge trials. The news was conveyed in a typewritten document that recently reached the United States.

The party decision, taken after years of silence on the Bukharin issue, reflects the limits of the de-Stalinization set in motion by the late Premier Nikita Khrushchev in 1956. The process has never been brought to completion and has dissolved into a spirit of ambivalence about Stalin and, in some quarters, even a nostalgia for his strong leadership.

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## Coggan Visits Church of Jailed Soviet Pastor

MOSCOW, Sept. 29 (UPI).—In a bold move, Archbishop of Canterbury Donald Coggan has visited the church of an unofficial Reformed Baptist denomination to discuss the case of one of the church's imprisoned leaders.

George Vins, a Baptist pastor, was sentenced two years ago to five years in a labor camp for leading illegal activities. Archbishop Coggan, who is visiting the Soviet Union, was told by the Soviet Union, was told by the Baptists that Vins was being held in a labor camp 3,000 miles away and was permitted only one visitor a year.

In an interview with the news agency Tass and Ukrainian television, the archbishop said today that he was struck by the number of believers in the Soviet Union but felt there was a need for more priests and church buildings.

"I have been impressed as I have visited two synagogues at the shortage of rabbis and I think that our Jewish friends are feeling the lack of rabbis very seriously," he said.

Philippines War Toll  
MANILA, Sept. 29 (Reuters).—Nearly 300 persons were killed and 345 were wounded in clashes between government troops and rebel forces of the Moro National Liberation Front in the southern Philippines between January and the end of last month, military sources reported.

Some Russians have spoken worriedly about a trend toward "restalinization" and the Bukharin decision fits that concern. To affirm Bukharin's criminal guilt is to deny the political nature of the purge trials and, in effect, to legitimize them long after they were assumed to have been official.

After Lenin's death in 1924, Bukharin and Stalin were allied against the Trotskyists. A Politburo member and editor of Pravda, Bukharin supported the New Economic Policy, which permitted considerable private enterprise in trade, small manufacturing and agriculture.

Stalin's abandonment of the policy in 1928-29 was the basic cause of the Stalin-Bukharin split. Bukharin opposed Stalin's "revolution from above," which transformed the economy into a highly centralized, state-dominated structure. He objected to the brutal, forced collectivization of the peasantry and warned prophetically of a mass terror.

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## Poll Finds French Students Non-Radical

PARIS, Sept. 29 (UPI).—Revolution, demonstrations and new ideas in general are about the furthest things from the minds of French students today, according to a nationwide survey.

The poll of 4,475 students—one of every 200, by the Student Guide indicated that French students think and act like their parents.

Their main concerns are inflation, unemployment and the environment. Such supposedly typical student concerns as socialism, social injustice and the future of the Third World are far behind.

## French Left Continues Infighting

(Continued from Page 1)  
Mr. Giscard d'Estaing has been betting that wooing the Socialists would be more successful than hammering them in Mr. Chirac's way.

Predicting that the three leftist parties would end their quarrel and go to the March elections with a joint electoral platform, Socialist leader François Mitterrand vowed at a press conference yesterday that the Socialists would not make a deal with Mr. Giscard d'Estaing's supporters and would honor their commitment to back Communist candidates in regions where Socialists could not win, even if there is not a joint leftist electoral program.

Artful Performance  
In an artful performance of weaving restrained optimism and some biting criticism of the Communists, Mr. Mitterrand stressed that the Communist-Socialist alliance, while seriously strained, had not gone beyond the breaking point and that the Socialists were keeping all avenues open for an agreement.

## Bhutto Daughter Is Restricted For 'Provocation'

ISLAMABAD, Sept. 29 (Reuters).—Pakistan's military rulers today placed the elder daughter of former Prime Minister Zulfikar Ali Bhutto under house arrest for making provocative statements.

They also warned Mr. Bhutto's wife, Nur, to stop inciting people to violence, while the Pakistan Peoples party's campaign for general elections scheduled Oct. 18.

Gen. Mohammed Zia ul Haq, who has held Pakistan under martial law since ousting Mr. Bhutto on July 5, meanwhile implied that the elections could be postponed.

## Concorde Ban Lifted In N.Y.

(Continued from Page 1)  
ignore low-frequency rattle vibrations could irreparably damage the Port Authority's case in the U.S. Court of Appeals.

Last year, a 16-month period of experimental operations was set for Dulles Airport in Washington and at Kennedy, to examine the environmental effects of the Concorde flights and to gauge public acceptance.

The 13 Cities  
Under the Carter administration's proposal, operations would be continued, possibly until 1985, in New York, Washington, Philadelphia, Boston, Dallas, Honolulu, Los Angeles, Miami, Houston, Chicago, Seattle, San Francisco and Anchorage, Alaska.

## India-Area Curfew Set After Moslems Clash

NEW DELHI, Sept. 29 (UPI).—Officials imposed a daylong curfew today in sections of Lucknow where clashes between rival Moslem sects led to police intervention during which at least five persons were killed, officials said.

A government spokesman said that extra police had been posted in the old-town areas of the city, the capital of Uttar Pradesh state, where the fighting occurred yesterday. The spokesman said that all was quiet today.

Under the Carter administration's proposal, operations would be continued, possibly until 1985, in New York, Washington, Philadelphia, Boston, Dallas, Honolulu, Los Angeles, Miami, Houston, Chicago, Seattle, San Francisco and Anchorage, Alaska.

## Feud Splits Opposition in Japan Meeting

By Sam Jameson  
TOKYO, Sept. 29.—A special convention called to approve reform of Japan's leading opposition party, the Socialists, and install new leaders ended yesterday with neither goal achieved.

Unable to find replacements for the chairman and secretary-general of the party even after extending a two-day convention by one day, the Socialists resorted to a 12-year series of setbacks in an election for the upper house of parliament.

Amid a bitter feud between ultra-left Marxists and moderate Socialists, three leading moderate members of parliament announced that they were quitting the party. Their decision persuaded Ichiro Asakura, Socialist mayor of Yokohama, to turn down early yesterday morning an expected approval by acclamation as Mr. Narita's successor. Talks by leaders of the factions failed to produce any agreement on who should lead the party.

DEATH NOTICE  
With deep grief, we beg to inform you of the untimely death of our dear friend and colleague, Mr. [Name], who passed away on September 29, 1977. He was a great industrialist, a dedicated leader and a devoted family man. The funeral will be held on October 1, 1977, at 10:00 AM at the [Location].

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## During Treaty Talks Pentagon Intercepted Calls of Panama Aides

By Graham Hovey

WASHINGTON, Sept. 29 (AP)—A U.S. Army sergeant told the government of Panama that the Pentagon had intercepted calls of Panama aides from the Army this past summer, the officials said.

They added that the sergeant implicated was not Hor Rodriguez Brumstrey, a New Yorker who has been subpoenaed to appear tomorrow before a Senate Judiciary subcommittee investigating reports of electronic eavesdropping and blackmail said to have influenced the canal treaty talks. Mr. Brumstrey was honorably discharged from the Army on Aug. 15.

**Emphatic Stand**

The Pentagon officials, who asked not to be identified, were emphatic in saying that the intercepted conversations were not related to the canal treaty negotiations. They also differentiated between "intercepts" and "eavesdropping" known as "bugging."

The Senate Select Committee on Intelligence earlier this month examined reports of electronic eavesdropping involving the treaty negotiations. It declared afterward that it had "no evidence or reason to believe or conclude that U.S. intelligence activities have, in any way, affected the final results of the Panama Canal treaties."

Pentagon officials described the intercepting as a form of intelligence-gathering practiced by many governments, but officially admitted by none. The intercepts of the Panamanian conversations were made from the Canal Zone, which is governed by the U.S. Army, and the sergeant was based there, the officials said.

When first questioned about the transfer of the intercepts to Panama, the sergeant refused to cooperate, they said. It was only after he had been promised immunity that he was prepared to tell his story—and he did.

As a result of the pledge of immunity, Army lawyers ruled that the sergeant had to be released with an honorable discharge when his enlistment period ended.

Mr. Brumstrey, said to be a native of Panama who became a naturalized U.S. citizen during his Army service, was also based in the Canal Zone at the time and was interrogated about the transfers but was not implicated in any way, a Pentagon source said.

**The Wrong Sergeant**

"They got the wrong sergeant," he said, referring to the subpoena sent to Mr. Brumstrey by the Judiciary Subcommittee on Separation of Powers.

Sen. James Allen, D-Ala., subcommittee chairman, also issued subpoenas for seven government officials, including Adm. Stansfield Turner, director of the CIA; Clarence Kelley, director of the FBI; Secretary of the Army Clifford Alexander, and Lt. Gen. Eugene Tighe Jr., director of the Defense Intelligence Agency.

Only Mr. Brumstrey was ordered to appear in person at the hearings, however. The other subpoenas ask only for delivery of information. Subcommittee staff members said a decision on whether to summon the officials would be made after an examination of the requested records.

Congressional sources said Sen. Daniel Inouye, D-Hawaii, chairman of the Senate Intelligence Committee, was trying to persuade Sen. Allen to allow the intelligence panel to continue to handle the matter of the Panamanian intercepts.

Committee sources said Sen. Inouye and Sen. Barry Goldwater, R-Ariz., briefed Sen. Allen and Sen. Jesse Helms, R-N.C., on the matter yesterday.

**Refutation of Reports**

WASHINGTON, Sept. 29 (AP)—The Carter administration is resisting efforts to require both houses of Congress to vote approval before the Panamanian government can be given control of the Canal Zone.

Attorney General Griffin Bell was called before the Senate Foreign Relations Committee today to present the Justice Department's legal opinion that only the Senate needs to approve the Panama Canal treaties.

Provisions of the treaties obligate the United States to give Panama the Canal Zone and stipulate that operational control of the canal itself is to be turned over to the Panamanians in the year 2000.

Treaty opponents contend that both houses of Congress must approve the transfer of any property owned by the United States.

The administration argues that the 1903 treaty with Panama established the Canal Zone as a 10-mile wide, U.S.-controlled territory but did not give the United States sovereignty. It also says that, under the Constitution, the treaties must be ratified by a two-thirds vote of the Senate.

## Socialists Bar U.S. Trip After French Split

PARIS, Sept. 29 (WP)—A delegation of French Socialist Party leaders due to arrive in the United States next week with a message that Americans should not worry about communist influence in France had to cancel their visit because of an escalating Communist campaign against them.

Invited by a foundation to give lectures at a seminar on the role of the party in Europe, Socialist leaders Charles Herve, Michel Rocard, Jacques Attali and others had hoped also to attract U.S. officials and opinion-makers in Washington to repeat the Socialist view that their electoral alliance with the Communists presented no threat to U.S. interests.

The alliance all but disintegrated last week when the two parties could not agree on a joint platform. With the Communists mobilizing trade unions and party workers for propaganda attacks on the Socialists this week, the party leaders decided yesterday to stay home to confront the attacks from their former allies.

## em Broker Found Dead in N.Y. Office

By Leonard Bader

NEW YORK, Sept. 29 (NYT)—The body of a 35-year-old diamond broker who vanished last week with up to \$1 million in cash was found yesterday—his body smashed by blows with a sledgehammer. The body was found and stuffed inside a small room in the Manhattan office of a diamond cutter.

There was no trace of the diamond he had been carrying in the room.

The police were led to the body of the broker, Pinchos Jarosky, by a 31-year-old diamond broker, Shimon Tal, himself the son of a police search since his reported him missing Monday.

Mr. Tal, who the police found sleeping in his wife's car yesterday morning, was found as a material witness.

**2 Masked Men**

He diamond cutter told the police that the murder had been committed by two masked men who struck Mr. Jarosky on the head with a sledgehammer and robbed by the same men several days later. But an autopsy showed that Mr. Jarosky died of asphyxiation when his bag was put over his head.

Mr. Tal told detectives that he kept silent about his associate's murder and concealed the body in a box under a workbench in his office out of fear that the murderers might harm his family.

His story is that he had no part in the robbery and murder, that he was also a victim, said a Keenan, New York City's chief of detectives. "We are certainly not accepting his story or story at face value."

One of the points that detectives said they found puzzling is that, according to Mr. Tal's account, the murderers let him go armed after driving him to his car for three days.



Taking a brief break during the Senate filibuster on gas bill is Sen. Henry Jackson.

## Carter Assails Lobbyists on Energy Plan

(Continued from Page 1)

idence that such a change was possible. He said that the House, during its early days of debate on the bill, had acted in a "disappointing" manner but when the representatives "realized the enormity of the consequences of their intended action" they changed direction and approved his proposals. Mr. Carter said that he had every reason to hope that the Senate would act in a similar manner.

**'Courageous Action'**

The President said he was aware of the pressure by various lobbyists who have reserved their strongest efforts for the Senate. But he added that with the reputation of the Senate at stake, and since senators "realize the consequences of an absence of courageous action, then I think they will move to adopt the major parts of the program."

Mr. Carter expressed gratitude to Senate leaders for their efforts on his behalf so far and called on the "American people to let senators know what their duties are and encourage them to act objectively."

Finally, the President said, the bill will still have to go through a Senate-House conference and a Senate-House conference.

he expects the House to be adamant in maintaining its position. "We still have a long way to go," he declared.

On other domestic issues, the President said:

• That on some issues on Capitol Hill Republicans "have helped me more" than his fellow Democrats. He cited the sale to Iran of early-warning-system defense planes, the limitations on World Bank loans and government reorganization. However, he added

## Payoffs Admitted By Subsidiary of Exxon in Brazil

RIO DE JANEIRO, Sept. 29 (Reuters)—Esso Brasileira de Petroleo, an Exxon subsidiary, made about \$1.8 million in payoffs to low-level employees of the Brazilian government during a five-year period, a company spokesman said today.

He said that the payoffs from 1969 through 1973 were made to expedite the processing of routine documents. When internal auditors discovered the payoffs, the company stopped the practice.

The U.S. Securities and Exchange Commission this week accused the giant oil firm and its subsidiaries of illegally paying \$56.5 million to government officials and political parties in at least 16 countries.

## Mexico Weighing World Bank Aid To Curb Births

WASHINGTON, Sept. 29 (NYT)—Mexico's finance minister, Julio Rodolfo Motezuma, said yesterday that his government is now considering taking its first World Bank loan, to be aimed at decreasing Mexico's population growth rate, now among the highest in the world.

The disclosure, made during an interview at the joint annual meeting of the World Bank and International Monetary Fund, was significant because of Mexico's long resistance to outside help in population planning.

At current rates of growth, Mexico's population, now 62 million, would reach 175 million by 2000. The United States is already facing problems of heavy illegal immigration by Mexicans who cannot find jobs in their own country.

Mr. Motezuma said the new Mexican government of President Jose Lopez Portillo was considering ways to mesh the World Bank's money—it was learned that more than \$40 million would be lent—and technical expertise with ongoing domestically run family planning projects.

## Japan Whaling Quota

TOKYO, Sept. 29 (Reuters)—Japan yesterday decided that it would not object to an International Whaling Commission decision cutting its annual whale catch quota for next year by 52 per cent, a government spokesman said.

## Bank, Tongsum Park Accused Of U.S. Securities Violations

WASHINGTON, Sept. 29 (NYT)—The Securities and Exchange Commission yesterday accused Diplomat National Bank, which has figured prominently in the South Korean influence-peddling scandal, of violating federal securities laws by concealing the bank's true owners.

The complaint, filed yesterday in federal court in the District of Columbia, also named Tongsum Park, the wealthy businessman and alleged South Korean intelligence agent who was recently indicted for bribery of U.S. officials and other violations of U.S. law. Others named are Bo Hi Pak, a senior aide to the Rev. Sun Myung Moon, also linked with the Korean influence scandal, and Charles Kim and Spencer Robbins, two stockholders in the bank allegedly associated with the Moon church.

It has been reported that the bank was part of the financial mechanism for the loosely organized South Korean apparatus that was apparently aimed at influencing Congress and the U.S. public on policies affecting South Korea.

The SEC complaint is the third legal action taken recently against those allegedly connected with the influence-peddling scheme. Mr. Park, who now is in South Korea, was indicted two weeks ago. Hancho Kim, a cosmetics manufacturer, was indicted Tuesday.

While neither admitting nor denying the charges, the bank and Mr. Kim have consented to an order issued by Judge John Pratt prohibiting them from further violations of the securities laws. The complaint against Mr. Park, Mr. Pak and Mr. Robbins is still pending, but attorneys for the latter two said that their clients plan to enter into similar consent decrees without admitting any guilt.

## Stock Scheme

The SEC complaint charges that the defendants participated in a scheme to give Mr. Park 43 per cent interest and Mr. Pak 10 per cent of the bank's outstanding stock when the institution opened in 1975, by listing other persons as owners of the bank's stock.

According to the complaint, the purchases violated stock ownership limitations established by the controller of the currency for the bank and were contrary to statements regarding maximum stockholding by investors made in documents connected with the initial offering of Diplomat stock.

The complaint also said that the bank overstated its deposits by \$1 million in a statement filed with the controller's office last year.

## Neto Visits Breshnev During Moscow Trip

MOSCOW, Sept. 29 (UPI)—Angolan President Agostinho Neto arrived quietly in Moscow this week for talks with Soviet President Leonid Brezhnev and other Kremlin leaders.

The official Soviet press announced Mr. Neto's visit yesterday—after the Angolan leader had already left with assurances of continued Soviet aid, support and friendship.

## Brzezinski Leaves Bonn

BONN, Sept. 29 (Reuters)—President Carter's national security chief, Zbigniew Brzezinski, returned to Washington yesterday after talks with West German Chancellor Helmut Schmidt here last night.

## House Panel Rebuffs Carter on B-1 Bomber

By George L. Wilson

WASHINGTON, Sept. 29 (WP)—The House Appropriations Committee yesterday dealt President Carter at least a temporary defeat on an issue he thought he had won—abandoning the B-1 bomber.

Mr. Carter has proposed that construction of the controversial, costly bomber be stopped after completion of the fourth prototype, which is being built. Both houses of Congress voted by narrow margins earlier this year to approve the proposal.

But yesterday, the Appropriations Committee, by a 34-to-21 vote, refused to change the Pentagon budget in the manner that Mr. Carter has requested. And if the refusal stands, under the new congressional budget procedures the United States will have to build six B-1s.

Because of the way the rules are written, there is no way for the full house or the Senate to reverse the committee's decision. However, Mr. Carter could re-submit his request that the budget be amended, and on a second try it is conceivable that he might prevail.

Mr. Carter has said further construction of the plane would waste \$462 million; he claims the plane is not needed.

Rep. Jack Edwards of Alabama, ranking Republican on the House Appropriations Subcommittee on Defense, called it "unpardonable" for the full committee to work its will on a technicality and not submit its decision to a vote of the full House.

Rep. Robert Glenn, D-Conn.,

is decrying the procedures that denied the House the right to review yesterday's Appropriations Committee action. He told committee chairman George Mahon, D-Texas, that revisions must be made to preserve the integrity of the budget process.

Congressional staff members who saw the campaign building up to keep the B-1 program going said last night that the White House failed to heed the danger signals in time to offset heavy lobbying by defense contractors and their allies in Congress.

Mr. Carter announced on July 30 that he had decided to cancel production of the B-1 bomber and rely instead on existing B-52 bombers armed with Cruise missiles. He decided to complete only the four research models of the B-1 bomber.

On July 19, the President followed his cancellation decision with a request to shift \$462 million that Congress had appropriated for the B-1 to other programs. Under the 1974 Impoundment Control Act, both the House and Senate must approve such changes—called rescissions—within 45 days.

If the House and Senate do not approve the rescissions, the President must spend the appropriated money as Congress had earlier specified—in this case for the B-1.

Those who wanted to keep the B-1 program going by building six rather than four test models, deliberately delayed congressional action on the rescission request until the 45 days were nearly up. The deadline for approving the rescission is Tuesday.

## U.S. Aid Expected For Nicaragua And El Salvador

WASHINGTON, Sept. 29 (WP)—In actions certain to draw criticism from human-rights activists, the State Department has reportedly decided to grant financial aid to Nicaragua and El Salvador—two Central American countries that have been accused of violating human rights.

Informed sources said yesterday that the department plans within the next few days to sign a \$2.5-million agreement to sell U.S. arms to Nicaragua on favorable credit terms.

However, the sources said, no sales or disbursements will be made under the agreement until U.S. officials have further talks with the Nicaraguan government about the human-rights situation in that country. The State Department previously had said it would not sign the agreement until it had evidence that human-rights protections within Nicaragua were improving.

In addition, the sources said, the department has reversed a decision not to assist El Salvador in construction of a proposed \$60-million hydroelectric project. Instead, they said, if the Treasury Department gives its approval as expected, the United States will provide roughly half the cost of financing the project.

## House Approves Research to Build Neutron Weapon

WASHINGTON, Sept. 29 (UPI)—The House voted today to proceed with research on developing a neutron weapon which kills persons but leaves structures intact.

The 397-to-109 vote was to defeat an amendment that would have written a ban against neutron weapons into a bill authorizing energy research and development programs for the fiscal year that starts Saturday.

President Carter urged approval of the research so that authority would be available if he decided after further study, to proceed with development of the weapon.

The neutron weapon could be used as a warhead on an artillery shell or incorporated into a bomb, but it is mainly a defensive weapon to be used in relatively close combat where troops in tanks or bunkers or other shelters could be wiped out by radiation rather than concussion.

Rep. Theodore Weiss, D-N.Y., author of the amendment to ban the weapon, described it as "inhumane" and a possible trigger for the use of nuclear weapons even on a limited scale.

## Bank Law Fraud Laid to 5 by SEC

WASHINGTON, Sept. 29 (AP)—The Securities and Exchange Commission has accused Korean businessman Tongsum Park, an aide to the Rev. Sun Myung Moon and the Diplomat National Bank of violating the federal securities law by concealing the bank's true owners.

The complaint also named Bo Hi Pak, the Moon aide; Charles Kim, the bank's former chairman, and Spencer Robbins, an assistant to Mr. Park.

The SEC complaint said that when the Diplomat National Bank opened in 1975, the defendants participated in a scheme to give Mr. Park 43 per cent interest and Mr. Pak 10 per cent of the bank's outstanding stock.

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## Public and Private Diplomacy

Inasmuch as the formal end of the strategic arms limitation agreement was drawing close, with the Soviet-U.S. weapons race, if anything, heating up, relations between Moscow and Washington seemed in a critical state a week ago. But then the existing pact was extended by mutual consent, and Mr. Gromyko, after apparently inconclusive talks with Mr. Carter about another SALT agreement dashed suddenly from the UN capitol to the U.S. capital and the discussions took on new life in Geneva.

All this was to the good. And one interesting facet is that it developed in spite of a chilly Gromyko speech to the UN General Assembly in which, despite a concession on underground nuclear tests, he seemed most concerned about the Carter human rights campaign. All this may suggest that the diplomat seldom knows what the orator is saying, or vice versa, even if the two are in the same person.

And in fact, public diplomacy, the Carter campaign approach notwithstanding, can often be, if not contradictory to the stand taken in actual negotiations, at least a simplified and rhetorical form of that stand. What sometimes goes on around the classic green table has been painfully illustrated by the recent disclosure of U.S. "bugging" of Panamanian telephone conversations with

consequences that may affect ratification of the canal treaties. And the Soviet Union has traditionally preferred sloganeering in public, even when getting down to the nitty-gritty in private.

Mr. Gromyko's attack on the human rights position of the Carter administration should not be dismissed lightly. It is a matter of concern to the Kremlin that dissidence is becoming popular in its bailiwick; moreover, the General Assembly has many, many members whose consciences are so uneasy about the rights of their citizenry that they would accept the denigration of those rights by a great power with relief. But the main point is that quarrels over sermonizing, while they may have slowed negotiations over limiting armaments, have not ended them.

The extension of human rights is a complex and difficult process, given the wide differences in various nations and cultures over just what those rights comprise, how they are to be enforced, and to what extent public order can be sacrificed to them. But war—nuclear or conventional—has become so terrible today that peace, life itself, are now rights in constant jeopardy throughout the world. If private diplomacy can—and prospects have a renewed hopefulness—bring the two major military powers into the practical recognition of this peril, it will be doing a major service.

## Slouching Toward Geneva

In the Middle East, the glass is either half-empty or half-full. We prefer to call it half-full—to believe that the basis for a settlement of the conflict between Israel and the Arab nations is slowly being laid. That is how we read two recent developments.

The first, the cease-fire agreement in Lebanon, is certainly a positive sign. If it lasts, units of the Lebanese Army will take charge of their country's troubled southern lands abutting Israel and Syria, and armed Palestinians will be present in only token contingents.

The Israelis had resisted such an arrangement, fearing that it would weaken their Lebanese Christian allies and let the Palestinians return suddenly in strength. They feared also that the Lebanese Army might in time be replaced by the Syrian forces which comprise the major military power in much of the rest of Lebanon.

Israel clearly took some risks in yielding to considerable U.S. diplomatic pressure for a cease-fire. But continuing instability in Lebanon risked military escalation and damage to the entire Middle Eastern negotiating process.

The second encouraging development was Israel's agreement to let Palestinians participate in a Geneva conference as members of a united Arab delegation. It is at least a hint of acknowledgment that there exist Palestinian interests and aspirations apart from those of the existing Arab states.

Yet what Prime Minister Begin gave with one hand he seemingly took back with the other: the Palestinians could not be known members of the Palestine Liberation Organization, and Israel would not negotiate with the united Arab delegation, only with the separate Arab governments. The united Arab delegation would participate in the ceremonial opening at Geneva and the Palestinians would then fade into the Jordanian delegation.

These conditions are not surprising, Israelis

of every political stripe oppose a separate Palestinian state and fear, rightly, that a separate Palestinian delegation could set the stage for a separate state. They particularly fear that the PLO would acquire added legitimacy at Geneva; Israel and U.S. officials might still not recognize it as the spokesman of all Palestinians but the Arab governments, which recognized the PLO as its voice and the Arab leaders will not easily abandon their demand for a PLO role at Geneva. In Arab politics, disavowing the PLO is like disavowing virtue; it could be done only if each government were certain that no other would break ranks. There is no such trust.

Calling the Middle East glass half-full means assuming that the Begin government's move was prompted by more than a desire to avoid blame for the still-blocked path to Geneva. If so, then further compromise seems possible. The Israelis are right to ask that the question of a separate Palestinian state not be preordained. But they are wrong to think that the question can be avoided merely by delegation-labeling. They should agree to the presence of Palestinians in negotiations concerning them.

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This means, for example, a Palestinian presence in the Jordanian delegation when the West Bank is discussed, in the Egyptian delegation when the topic is Gaza, and in all Arab delegations when the talks turn to refugees.

The Israelis may also be right—if somewhat quibbling—in not wishing to enhance the stature of the PLO at the expense of other Palestinian voices. But they should not object if lower-ranking PLO officials give advice from the wings to Palestinians who desire it.

One need not admire the processes by which the PLO maneuvered itself into widespread recognition as representative of the Palestinian people to acknowledge that it cannot be wished away.

—THE NEW YORK TIMES.

## International Opinion

### Middle East Simmers Down

Two episodes in the past few days suggest that the chances of a Middle East peace settlement should not yet finally be written off. The first was the decision by the Israeli Cabinet to accept a Palestinian presence at a resumed Geneva conference. The second has been the attempts to achieve a cease-fire in southern Lebanon. Neither is sufficient in itself to warrant any great optimism, but both seem to indicate that the parties involved are wary of allowing the climate to deteriorate further. Above all, there are now signs of a much more active United States engagement in the negotiating process... Recent events have demonstrated an awareness among all major parties of how much they have to lose if the search for a settlement is abandoned.

—From the Financial Times (London).

## In the International Edition

### Seventy-Five Years Ago

September 30, 1902

PARIS—Emile Zola, 62, was found dead in his bedroom yesterday morning while Mme. Zola is in great danger. The great novelist was discovered lying dead on the floor of his bedroom in his Paris house with his wife lying unconscious on the bed. She was revived by physicians in time, but her state is still critical. The cause of death was thought to be a defective chimney causing the fumes to escape into the room. Death was due to carbon dioxide poisoning.

### Fifty Years Ago

September 30, 1927

LONDON—Comdr. Evangeline Booth, daughter of the founder of the Salvation Army and the head of the Army's organization in the United States, has arrived in London on her first visit to England since 1920. Comdr. Booth has been in Paris where she was the only woman to address the convention of the American Legion. "Short skirts are better than long ones," she said, "and bobbed hair is alright, but smoking takes something away from a woman's sweet charm and matchless influence."



*'The Panama Canal Treaty Is Now Signed... by Everyone Except the Few Holdout Leaders of the Banana Republic of Congressio.' by Chalmers M. Roberts*

## Another Classic Treaty Battle

By Chalmers M. Roberts

WASHINGTON.—President Carter's honeymoon with Congress didn't last very long as far as domestic legislation is concerned. But on foreign affairs his major problems have been with other countries rather than on Capitol Hill. Now, however, a major battle is about to begin over Senate approval of the Panama Canal treaties, and it shapes up as a classic executive-legislative struggle over the direction of U.S. foreign policy.

One historian has called the treaty-making process, that constitutionally stated division of authority between president and Senate, "the most prolific source of conflict between the executive and the legislature." That might be disputed, but there is no doubt that over nearly two centuries this division has provoked a lot of struggles of major proportions.

The two-thirds requirement for Senate approval of treaties is a difficult barrier to Carter's hopes for resolving the long-festering Panama Canal issue. In the past a number of treaties, most notably the one providing for U.S. membership in the League of Nations, have failed to win two-thirds, although a majority was easily had.

### Out of Fear

Other potential treaties were never even negotiated out of fear that two-thirds could not be mustered in their favor. In some instances, especially after World War II, business with other nations was done in the form of executive agreements, requiring only a majority of both Senate and House, rather than by treaty. But this procedure was so abused by chief executives—that it is now rarely attempted as a way of circumventing the treaty route.

The Senate approved the three treaties that constituted the Louisiana Purchase from France, but it rejected treaties to annex Texas and for reciprocity arrangements with Hawaii, when both were independent nations. In the end, however, both Texas and Hawaii became part of the United States by simple majority votes of both houses. There were challenges to both actions as unconstitutional violations of the treaty power, but nothing came of either objection.

As far back as 1899 the Senate defeated a treaty negotiated by President Ulysses S. Grant to annex the Dominican Republic. In the later years of Manifest Destiny, the United States simply planted the flag on a number of Pacific islands or acquired territory as the spoils of war (e.g., Puerto Rico) or by purchase (e.g., the Virgin Islands).

### China

Probably the only instance in which the United States could be said to have given up what might be called an established territorial right was the case of China. The United States from the middle of the 19th century enjoyed extraterritorial rights in Shanghai's international settlement, although the effective control was in British hands. The Western position in Shanghai, and in some other

places in China, had become anachronistic, a remnant of imperialism, by the time of World War II. Early in that war, soon after Pearl Harbor, the Japanese took control of this foreign settlement. It was apparent that Americans and others would never be able to return to the status quo ante in Shanghai, and so the Senate in 1943, in the midst of the war, approved a treaty between the United States and Chiang Kai-shek's China relinquishing these extraterritorial rights.

Some may contend that there were two other cases involving cessation of U.S. rights. These were treaties with Spain and England, respectively, setting compromise agreements on disputed sections of the Southern and Northern borders of the United States in pre-Civil War decades. Henry Clay, in fact, argued in the first instance that no territory of the United States could be ceded without consent of the House as well as of the Senate. But in neither case did Congress vote to accept such a position, and the president of the day had his way by treaty.

Pearl Harbor, of course, so changed the popular U.S. view of the world and the U.S. position in it that there were no serious Senate problems in relinquishing the extraterritorial rights in China or in ratifying the various treaties that came at war's end. Isolationism that had defeated the League of Nations in the Senate was swept away as the United States emerged as its power worldwide, either in a new series of alliances or unilaterally.

### Reactions

There were reactions. In the Eisenhower years, the fight over the Bricker amendment, which would have severely limited the president's treaty-making power, and, in the Johnson years, the struggle over creation of a multilateral nuclear force (MLF) were warning signals that there were limits to how far Americans would go in abandoning elements of sovereignty.

The Bricker amendment was defeated by the narrowest of margins, in large part by the skill of the Senate Majority Leader, Lyndon Johnson. Later, as President, Johnson worked his way out from under a Kennedy administration commitment to the MLF once he discovered that the idea simply could not win Senate approval, whatever its virtues (hotly disputed) might be.

Presidential power in foreign relations is immense. On occasion, what a president does makes it very difficult for the Congress to reject his request for help in implementing his action. That was true with Eisenhower and the Formosa resolution. But in that case the president's own position in the public mind was so strong that most of those who thought it unwise to grant him what amounted to authority to go to war with the Chinese Communists simply did not dare to vote against him.

Carter enjoys no such standing in the Senate or the country. He inherited the Panama treaty prob-

lem, and the documents now before Congress are the logical outcome of more than a dozen years of discussion during four presidencies. But in the meantime the U.S. retreat from its world role has created a counterbalance of so-far-but-no-farther. The don't-give-away-Panama cry reflects this mood. The question now is how strong this mood is and if it can or will produce one-third plus one negative votes in the Senate on the treaties.

### Skirmishes Coming

Judging from the history of battles over treaties, there will be a number of preliminary skirmishes until it becomes clear whether the Panama treaties 1) cannot be approved, 2) can be approved or 3) can be approved only with some sweetener. Sweeteners come in the form of amendments and/or reservations, either of which can be added by simple majority vote in the Senate.

But what sort of amendment or reservation would pick up a few more vital votes? It is far too early to determine whether these particular treaties could survive in Panama if substantive changes were made in Washington by the amendment/reservation method. Still, this remains a possibility, and we may hear a lot about how various treaties made it over the Senate's two-thirds barrier by such sweeteners, sometimes substantive, sometimes not.

Mr. Roberts, now retired, was chief diplomatic correspondent for The Washington Post.

## A Proposal to Help Arms Talks

By David Linebaugh

WASHINGTON.—As he did last March, President Carter may again kill the prospects for SALT-2—for a new agreement in the talks on the limitation of strategic arms between the United States and the Soviet Union which are the heart of the effort to curb nuclear weapons and to stabilize relations with the Russians.

The end of the prospects for SALT-2 may appear to be the responsibility of others—either the Russians or the Senate. But the responsibility will, in fact, be that of Mr. Carter, the President who said in his inaugural Address that he wanted to eliminate nuclear weapons from the earth.

The new United States position for a SALT-2 agreement put forward by Secretary of State Cyrus Vance when he met Foreign Minister Andrei Gromyko on Sept. 23 and 24 will end the present chance for strategic arms limitation. Even though some progress was reported in the Vance-Gromyko meetings, the major obstacles to agreement were not resolved.

### Rejection

The U.S. proposal as it relates to the long-range Cruise missile will either be rejected by the Russians because it is too one-sided or rejected by the Senate because of verification uncertainties.

The U.S. position is indeed too one-sided. It would permit a vast expansion in U.S. arms through the deployment of Cruise missiles.

According to statements by Secretary of Defense Harold Brown, 250 B-52 bombers could be armed with up to 5,000 Cruise missiles—or more U.S. nuclear weapons of this one type than the total number of Soviet nuclear weapons in their entire strategic arsenal.

Even if the Russians agreed to this proposition—and the Russians do have a major political stake in SALT and have already made substantial concessions to achieve a SALT-2 agreement—the Senate would probably reject an agreement that presented such substantial verification problems. Both the range and number of Cruise missiles deployed would be difficult to verify. The Russians could cheat when they too have a missile like the Cruise. Yet there is a risk-free way

## Israel and the Role Of U.S. Public Opinion

By Anthony Lewis

NEW YORK.—Sympathetic public opinion in the United States has always been vital to Israel, and never more so than in its diplomatic near-isolation these days. The sympathy is natural: It is right that Americans should care about a country of shared ideals and so compelling a history. But the support should reflect not only human feelings but a realistic sense of Israel's long-term interests.

The question of Israel's attitudes is made acute by the growing possibility that the Geneva conference on the Middle East will be reconvened before the end of the year. That prospect emerges from Israel's agreement, albeit with prickly conditions, to a Palestinian presence at the conference. There is a momentum for Geneva.

Considering all the brickbats thrown at President Carter and Secretary of State Cyrus Vance for their Middle East policy—the charges of muddling and amateurism—they could take considerable satisfaction in a Geneva meeting. But of course that would only be the beginning of negotiation and of U.S. responsibility. For everyone recognizes that only U.S. leadership has any chance of closing the still enormous distance between Israel and the Arabs on substantive issues.

### Public Opinion

That is where public opinion, its understanding and its steadiness, will matter. It is no secret that U.S. supporters of Israel have been extremely sensitive to any suggestion of U.S. pressure on Israel—sometimes more sensitive than the Israelis. President Carter has not yet applied any significant pressure. But when he has spoken aloud on something as evident as the necessity for a Palestinian homeland, he has been denounced as "provocative."

It is Menachem Begin, not Jimmy Carter, who has been provocative. Since becoming Prime Minister he has taken the unyielding position, at least publicly, that the West Bank territory occupied by Israel in 1967 is its by right going back to the Bible. Until an ambiguous halt this week, he has allowed further Jewish settlements in the area. His minister of agriculture, Ariel Sharon, has produced a grandiose plan to settle a million Jews in the occupied territories.

These positions are fantasies; dangerous fantasies. Ancient history is deeply meaningful as a source of Israel's vision, but it is entirely inadvisable as a definition in international law or diplomacy. What would happen to the peace of the world if every nation insisted on biblical boundaries of its own scriptural equivalent?

The Begin government has suggested that the problem of the West Bank can be solved by improving the Arabs' social and economic conditions and giving them a degree of local autonomy.

This is another fantasy. Paternalism, however beneficent, will not work there any more than it did for the French in Algeria. Even the most moderate Palestinians want to run their own society.

Americans who visit Israel often speak of the vulnerability of the country's pre-1967 waist: the narrow area between the Mediterranean and the West Bank. That is a fact, but it was also a condition of the compromise that allowed the creation of Israel in 1948 with world support. The world as it is today cannot accept unilateral boundary change for reasons of perceived security.

In any case, territory is no security for Israel in the light of modern weapons systems. Minor adjustments to the 196 borders are imaginable. But can it really increase Israel's security to hold on to the West Bank and thus assure continuing hostility from the Arabs and disapproval from the rest of the world?

In our concern for Israel's survival, we tend to forget an important part of the dream the accompanied its creation: an development. That was the dream of peace with its neighbors. It is not U.S. supporters but Israelis who envisioned a time when people with so much in common could live together and Israel would no longer need to be an arms camp.

After the 1967 war, that vision of peace was the declared reason for holding on to the occupied territory. Apart from such particular areas as Jerusalem, no land would be held temporarily. It was said, as a lever to bring the Arabs to genuine peace. But now security is sought in territory, not peace.

### Talking of Peace

The Arabs are talking of peace now in terms that would have been regarded as astounding in 1967. Secretary Vance came back from his last Middle East tour with undertakings by the neighboring Arab states to conduct peace talks with Israel. The foreign minister of Egypt, Ismael Fahmy, said the other day that "the Arab countries are ready for the first time to accept Israel as a Middle Eastern country living in peace."

Words can deceive, and it is wise to be wary after the blood history of Arab opposition to Israel's existence. But it is foolish to pretend that there has been no change in Arab attitude. There has been a significant change.

Americans must remain committed to Israel, but not in a blinkered vision of survival hostility. The aim is a stable relationship with its neighbor—and that requires the mutual abandonment of extravagant claims. We help Israel by supporting U.S. leaders when they point out the price of fantasy.

### No Threat

A delay on the Cruise missile would not jeopardize American security—there is no imminent, foreseeable threat to our enormous retaliatory capability. Even after a first strike, and assuming the destruction of our land-based missiles, 75 per cent of our retaliatory force would remain intact.

The U.S. position in SALT reflects the President's decision to deploy the Cruise missile—a decision to silence critics of his decision to shelve the B-1 bomber. It sanctions the addition of the sands of new nuclear weapons to our vast and redundant arsenal. It sanctions arms expansion not arms limitation.

This proposed moratorium on the U.S. Cruise missile and the Soviet SS-16 would hold the line on strategic weapons and set the stage for negotiations on reductions. We would have taken significant step toward establishing a stable military balance with the Soviet Union and toward lessening the chance of nuclear war.

David Linebaugh, a Visiting Scholar at the Brookings Institution, is a former deputy assistant director of the Arms Control and Disarmament Agency. He wrote this article for The New York Times.



## 29 New Cases in Syria

# Iran Health Officials Reveal 47 Have Died From Cholera

TEHRAN, Sept. 29 (AP).—The Iranian Ministry of Health disclosed today that 47 persons have died of cholera since March 21, making the nation's death toll

## George Hinman Dies; Journalist, Colonel in Army

NEW YORK, Sept. 29 (NYT).—George W. Hinman Jr., 85, a retired Army colonel and a former foreign correspondent and news executive for the Hearst newspaper chain, died Sept. 22 at the Walter Reed Army Hospital in Washington. His military and journalistic career spanned four decades, until his retirement in 1953. As an Army officer, he served in both world wars and in the Korean war; as a journalist, he served in places from the Caribbean to the Far East, including stints from 1928 to 1934 as chief of the Hearst Paris bureau. Later, Mr. Hinman returned to the United States as a Hearst editorial executive, serving for time as telegraph editor of the New York Journal and in similar posts with other Hearst papers.

Meyer Weisgal  
TEL AVIV, Sept. 29 (UPI).—Meyer Weisgal, 82, chancellor of former president of Israel's Weizman Institute of Science, died today.

A longtime associate of Israel's first president, Chaim Weizman, Dr. Weisgal developed the institute, founded in 1934, into one of Israel's most modern research centers.

Dr. Arthur Dallos  
NEW YORK, Sept. 29 (AP).—Dr. Arthur Dallos, 84, a pioneer chest surgery who died last week, died today. Dr. Dallos was a surgeon at New York's Mount Sinai Hospital, and at Mount Sinai Hospital, in New York City, for more than 30 years. He also practiced at the Medical Arts Hospital and was a member of its board. He died in 1972.

Roger Sauvage  
PARIS, Sept. 29 (Reuters).—Roger Sauvage, 60, who was killed with shooting down 15 thwaffe planes, died Monday.

Gen. Gaston Lavaud  
PARIS, Sept. 29 (AP).—Gen. Gaston Lavaud, 77, French Army commander from 1955 to 1961, died in a hospital Monday.

second to that of Syria, where the disease has killed 78.

According to an official statement, 1,153 cholera victims have been hospitalized here. Thirty-four of the patients died. In Qom, 154 kilometers south of here, 330 persons were hospitalized with cholera and 13 died.

The ministry said that cholera is fully under control in Iran, but appealed to the public to wash vegetables and fruits with per-chlorom liquid.

The ministry said that the disease had spread from neighboring countries.

5 Hospitalized in Turkey  
In Ankara, the Turkish Health Ministry announced that five travelers from Syria had been hospitalized with cholera in the southeastern city of Gaziantep. Two patients were Turkish and three Syrian. Turkish officials said that there have been no cases of cholera in Turkey.

Turkish health authorities, however, have reported hundreds of cases of "acute intestinal infection" in the last two months. Many doctors said privately that some of these cases are cholera. Neighboring countries have taken strict measures to check travelers from Turkey.

Arab health ministers reported at a meeting in Cairo last week that the region's annual cholera epidemic was waning. Syria was hardest hit.

29 New Cases in Syria  
Syrian health officials reported 29 new cases of cholera yesterday, but said that no deaths have occurred in the last two days.

The three-monthlong outbreak in Syria has resulted in 2,596 cases, 78 of which were fatal, according to officials.

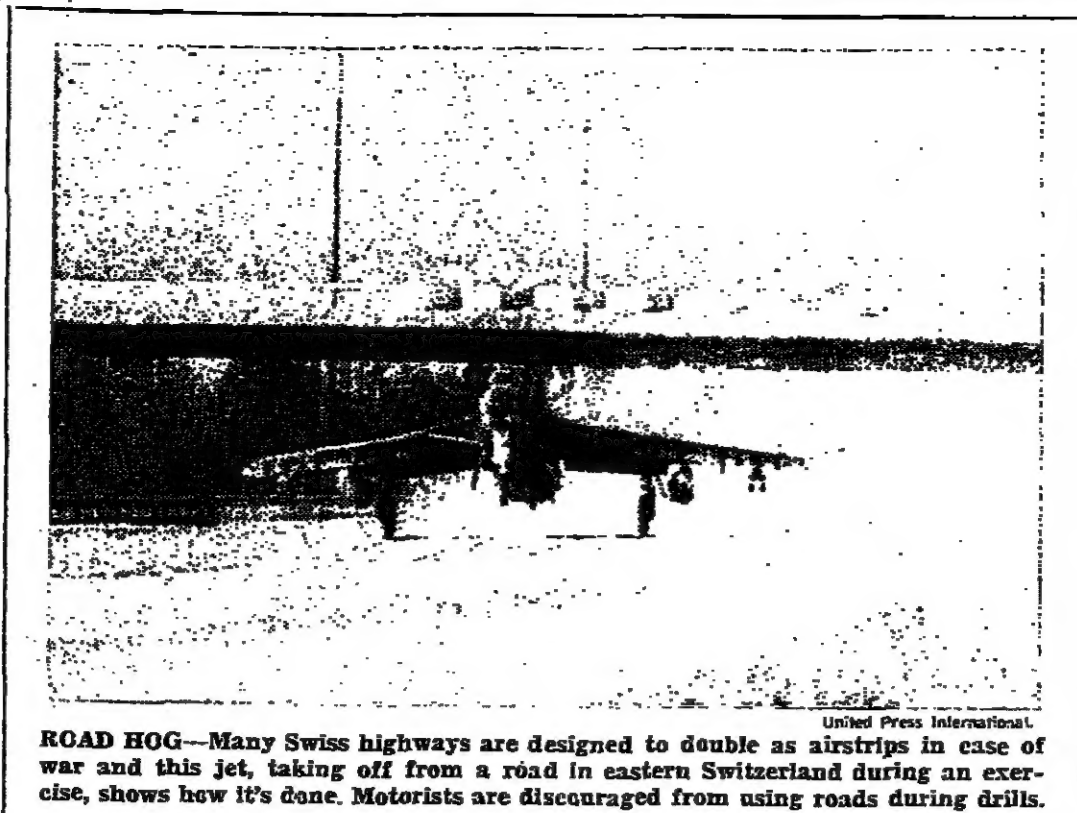
Jordanian authorities reported four new cholera cases, making a total of 407 cases there since the disease was detected a month ago. Amman remained "clean" for the fourth day, officials said.

No new cases were reported in Lebanon for the fifth day. The total cases there are 30, officials said.

In Baghdad, the number of cholera cases since the outbreak was reported in Iraq a week ago rose to 46, it was announced today.

The Iraq News Agency said that one person has died in the outbreak there.

Egypt still has not had any cholera cases, Health Minister Ibrahim Badran said today in Cairo.



ROAD HOG—Many Swiss highways are designed to double as airstrips in case of war and this jet, taking off from a road in eastern Switzerland during an exercise, shows how it's done. Motorists are discouraged from using roads during drills.

## Austerity Reduces Inflation

# Chilean Recovery Built on Sacrifice of Poor

By Karen DeYoung

SANTIAGO, Sept. 29 (UPI).—The lunch provided by the Catholic Church at the San Miguel soup kitchen varies little from day to day—soup of vegetables and rice, a piece of bread, salad and a glass of milk. For most of the 40 children who eat there, it is the only meal of the day.

The food, bought with money from abroad, is cooked by women with rotted teeth and cracked hands who take the leftovers home to their menfolk.

Few residents of this working-class neighborhood in southern Santiago—once known as the "Red community" because of the high concentration of leftists—can find a steady job.

The soup-kitchen families are part of what Chile's fiscal planners call the "social cost" of the near miraculous recovery of the Chilean economy during the last four years.

Whether the results have been worth the cost—including an unemployment rate expected to top 13 per cent this year, purchasing power down to 1969 levels and what a farm-worker activist called "the writing off of a whole generation of our children"—is a subject for debate here.

Through severe austerity, drastically slashing public welfare budgets, eliminating price subsidies and refusing to bail out inefficient businesses in the name of high employment, Chile's military government has transformed the country from a highly politicized, deficit-spending populist model into one of the world's best examples of growing free-market capitalism. There is no congress or elections to change or slow the government's economic program.

Inflation has been reduced from an estimated 700 to 1,000 per cent in 1973, when the current military regime overthrew the Marxist coalition of the late Salvador Allende, to a projected 70 per cent this year.

Foreign reserves have grown from less than \$10 million to more than \$700 million, Chilean goods, for the first time in years, are beginning to compete on the world market.

The Poor  
Even supporters of the government's economic policy agree, however, that the poor have paid for Chile's transformation.

"The government made some very hard decisions," said a former

Begin Postpones Trip  
JERUSALEM, Sept. 29 (Reuters).—Prime Minister Menachem Begin has postponed an official visit to London set for the end of next month, an official said here yesterday.

sign observer, "but the fact is, it worked. They've cut inflation and they've reached a new starting point."

"I've asked myself all the questions about social costs," he said, "and I don't like it, either. But they have to be admired for their consistency."

Alvaro Bardón, president of Chile's central bank, is one of the small group of economic planners that the military and anti-Allende business leaders assembled before the 1973 coup to plot the country's future economic course.

The Planners  
Like most of the planners, he is young, energetic and quite candidly does not allow his political beliefs to overlap into his balance books.

"Frankly," Mr. Bardón said in a recent interview, the success of the economic program "has been spectacular."

"Who would have ever thought you could do such a thing in Chile? We were always too political, we never wanted to make sacrifices. That's why we ran up such a huge debt."

One of the ways of reducing that debt, now totaling \$5.2 billion, with yearly principal and interest payments of \$1.2 billion—40 per cent of Chile's yearly foreign earnings—is allowing inefficient businesses to collapse. Survivors are strengthened to compete on the international market.

## Coin Substitute Questioned on Profit, Efficiency

# Italian Banks Criticized Over Minichecks

ROME, Sept. 29 (AP).—While Italians have been scrambling for years after small change, their banks apparently have turned a tidy profit by issuing minichecks as a substitute for coins.

The small checks, usually printed on flimsy pieces of paper, have replaced candy, telephone slugs and postage stamps formerly used in place of scarce 50-lire and 100-lire (5.5-cent and 11-cent) pieces.

Former Finance Minister Luigi Preti has now called for a parliamentary investigation into the use of minichecks, as the small checks are called. He claims the goal in issuing them has been thwarted because some stores use them for publicity purposes and collectors are hoarding them.

"There is reason to believe that we are facing a fraud," Mr. Preti said.

Ban Is Urged  
Meanwhile, labor unions at the Italian Mint, which is turning out a record 4 million coins a day, are calling on the government to ban minichecks by the end of the year, when it is believed the coin supply will be sufficient.

According to the Bank of Italy, there are about 100 million minichecks, worth 12 billion to 13 billion lire (about \$13.5 million to \$14 million), currently in circulation.

These checks are actually bank drafts printed throughout the country at the request of shopkeepers' associations. Since the small-change crisis began about four years ago, merchants and their customers have been complaining about lost transactions for want of a few coins.

The merchants pay the banks a lump sum and the banks print the checks.

Service Charge  
According to a reliable estimate, the banks make 5 lire on each 110-lire (about 12-cent) check as a service charge. This has produced a profit of \$2.3 million in two years on an estimated \$58 million worth of checks issued during the period, according to the estimate.

Because they are printed on

poor quality paper about two-thirds the size of a U.S. dollar bill, the checks usually last only a few months. Those destroyed before they are redeemed produce windfall profits for the issuing banks.

There have been several explanations for Italy's small-change crisis. The mint has been blamed for not producing enough coins, and bus companies for not

putting back into circulation fast enough the coins taken by their automatic ticket machines.

The mint said it has nearly doubled production recently. But tons of coins are piling up because the mint is short of containers to transport them to key distribution points. Unless this situation is resolved, it could keep the minichecks in circulation.

# Study Shows Hudson River Is Hazard as Drinking Source

By Richard Severo

NEW YORK, Sept. 29 (NYT).—A two-year study by environmental and consumer groups has concluded that the Hudson River is contaminated by "a complex spectrum" of toxic and cancer-causing chemicals that pose a threat to 150,000 persons upstream who drink the river's water.

The study also casts doubt on the wisdom of plans recently developed by the Army Corps of Engineers to use nearly a million gallons a day of the Hudson's water to supplement the New York City area's water supply.

The Environmental Defense Fund, a publicly supported national organization headquartered in New York, and the New York Public Interest Research Group, a nonpartisan research effort, made the study and released it yesterday at a news conference.

Scientists involved in the study said that even though hundreds of millions of dollars had been spent to upgrade old sewage-treatment plants and to construct new ones—in attempts to make the state's waterways look and smell cleaner than they did when the state's Pure Waters Program was enacted in 1964—"these assurances are deceptive."

Chemical Wastes Ignored  
"The Pure Waters Program," according to the study, "has ignored the pollution caused by the discharge of chemically laden industrial waste water."

The study asserts that the state program focused on "traditional pollutants, such as total suspended solids (and) coliform bacteria." It points out that the usual techniques of chlorination and sand filtration are "ineffective against toxic chemicals."

The study asserts that hundreds of chemical compounds have been dumped into the Hudson by industry, of which 15 to 20 per cent can cause cancer either in laboratory animals or humans.

Among the more hazardous substances identified were benzene, polychlorinated biphenyls (PCBs), xylene, cyclohexane, tetrahydrofuran, toluene, chloroform, methylenedianiline, dichlorodiphenyl and dibutylphthalate, all man-made compounds that are part of industrial processes.

Four Areas Sampled  
Researchers took water samples from four general areas in the upper and mid-Hudson and, although not all chemicals were found at the same levels throughout the river, they were frequently at levels regarded as unhealthy by federal standards.

The findings are not inconsistent with observations by fishermen and others that fish abound in the Hudson. Some fish live in the sea and come to the river only to spawn. Among fish that spend their entire cycle in the river, contamination levels are high enough to make them dangerous to eat, but not enough to make them incapable of reproduction.

Because of the health hazard, commercial fishing for most kinds of Hudson River fish has been banned by the state since February of last year.

Unesco Investigators Plan to Go to Israel  
PARIS, Sept. 29 (UPI).—A fact-finding delegation from Unesco will be admitted to Israel in November to investigate educational and cultural conditions for Arabs in disputed territories, Unesco has announced.

Unesco officials said Israel's decision to admit the mission was part of the normalization of relations between the Jewish state and the UN organization. Israel had balked at investigations on its soil after the organization passed resolutions in 1975 severely limiting Israeli participation in Unesco.

# The fastest Brussels-Washington route stops in Paris.

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Amsterdam 6:05 p.m.	Cleveland 9:12 p.m.
(KLM)	Detroit 10:25 p.m.
Oslo 2:25 p.m.	Chicago 10:54 p.m.
Copenhagen 4:10 p.m.	

Every day of the week.  
Depart Paris 8 p.m. Arrive Washington 5:55 p.m.



AIR FRANCE



## PARIS THEATER

## Edwige Feuillère Scores Another Triumph

By Thomas Quinn Curtiss

PARIS, Sept. 29 (IHT).—Edwige Feuillère is indisputably an actress of the first order, but it is not by her acting ability alone that she captures the house. She is a personality of singular sorcery. Her appearance illuminates the stage at once. She has that extra something that is defined as star quality. Charisma is a hopword word but it accurately describes her particular magnetism. When she comes on, we are in the presence of a great act.

She has long and loyally served the theater, shining in the plays of Racine, Claudel, Giraudoux, and Pirandello. And if her lights dimmed in "The Lion in Winter," it is probable that even Bernhardt at her best would have been similarly stumped by such tremendous rubbish.

Miss Feuillère has returned to the Comédie des Champs-Élysées in a two-character piece, "Le Bateau pour l'Alpala," by the Soviet author Alexei Arbousov, whose "Promises" has been seen here in translation and whose "It Happened in Irkutsk" was

given in Russian by the Leningrad Gorki company when visiting the Théâtre des Nations festival. It is intrinsically less a play than a palette of sub-Chekhovian pastels brushed up into a beguiling semblance of one, but it proves a happy choice for its actress and her partner, Guy Tréjan.

The setting is a Riga sanatorium in which a middle-aged woman diagnosed as a victim of arteriosclerosis is confined. She is a quirky, rebellious patient, willful and perhaps a bit mad, and in the rest-home garden she

comes into conflict with a reserved, elderly medical official who wants to maintain law, order and quiet in the hospital zone. Her behavior, attitude and chatter irritate him, but he thaws under her blazing vigor. Both of them are lonely beings with a touch of mythomania, talking of dear relatives who exist only in their yearning imaginations. Her vicious companionship wakes him from his drowsy resignation. She is the healer who cures him of the stuffy indifference that has become his armor. She brings him back to life and affection replaces their initial hostility.

There is a refreshing airiness to Arbousov's manipulation of his simple story. His series of scenes are sketched rather in the mellow Molnar manner. In a word, he deliberately underwrites, and to excellent effect. But the play is enough; it serves, with Miss Feuillère making the utmost of its every opportunity.

With exquisite artistry she evokes its vagrant moods. Now she is comically quarrelsome, baiting the grumpy old fellow about his set ways. Now after a glass of wine and with the band in the offing, she dances to the music with abandon and inveigles him to execute a shaky Charleston. The sequence where she visits him as he is recovering from an illness has unspoken tenderness, the turning point revealing the birth of her maternal concern, leading to fulfillment in the last episode in which the two realize they can no longer separate.

In Guy Tréjan as her peevish partner, Miss Feuillère has a perfect foil and we have a delightful histrionic duet. Pol Quentin's adaptation, Yves Bureau's direction and Jacques Dupont's decor and costumes are all in harmonious accord with the play and performance, the new season's most distinguished evening. Arbousov's comedy, a hit in the Soviet Union, is destined for success in the West. It is—in English translation—on the program of the forthcoming Dublin drama festival and soon British and American actresses will be scrambling for its rights. The production at the Comédie des Champs-Élysées should be the model, a presentation of perfection.

"Pas d'Orchidées pour Miss Blandish," Frédéric Dard's dramatization of James Hadley Chase's thriller, was first seen some years ago on the bandbox

## SHARPS AND FLATS

NANCY, France—A jazz festival (Oct. 7-16) will be held in various concert halls at different times on different days. Among the musicians scheduled to appear: B.B. King, Steve Lacy, Jerome Van Jones, Marion Williams,



Edwige Feuillère

boards of the Grand Guignol. Now it is being revived at the Théâtre de la Porte Saint-Martin in a spectacular production, lavish in scenic surprises, lighting effects and razzle-dazzle. The production by actor-director Robert Hossein suggests that it has been transformed into a wide-screen under-movie.

Basically a pulp detective story, it remains dramatically as mechanical as a robot. A band of thugs kidnap an heiress of Prohibition-era Chicago and hold her for a million-dollar ransom. Her anxious father delivers the stipulated sum, but his daughter is not returned. With "hot" money in their hands, the hoodlums open a gaudy nightclub, but when inspectors begin prying into their affairs, they decide to kill their captive. One of her guardians, bewitched by her beauty, would protect her from assassination, though by now poor Miss B. has been so drugged and so frightened that her mind is probably permanently impaired. As the gangsters squabble over her fate, the police arrive for a shoot-out of Hollywood proportions.

In the theater this garish melodrama is just what it was on the printed page: a boob-shocker of customary manufacture with its sex sensationalism, its epileptic violence and its crude characterization. Out of it, however, Hossein has made an exciting show of sinister intrigues, creepy atmospheres, whirling bullets and piercing shrieks. It has not been dramatized so much as it has been theatricalized, and Hossein as the kindest badman, Jean-Marie Proulx as the wicked, cunning Grison and Sophie Deschamps as the abducted heroine, and, indeed, the entire company, succeed in making his hellbender an absorbing tour de force.

Bessie Griffin, Louisiana Red, Sam Rivers and his orchestra, Elvin Jones, Max Roach, Joe MacPhee, Herbie Hancock, Jimmy Gourley and Illinois Jacquet.

PARIS—Don Cherry and the Organic Music Theater will be at the Palais des Champs-Élysées Sept. 30 to Oct. 5 at 8:30 p.m. every night. Folk singer Michel Haumont is at the Vieille Grille through Oct. 18 at 11 p.m.; Supertramp at the Pavillon de Paris Sept. 30 at 8 p.m.; Michel Rocques, Stone Alliance and Steve Grossman at the Espace Cardin Oct. 2 at 8 p.m.; Jimmy Gourley and Pierre Michelot at the Cerveau de la Montagne every night starting Oct. 3; Peter Gabriel at the Hippodrome de Paris Oct. 4 at 8 p.m. and Alice Darr every night at the Champs-Élysées Bar Tabouca.

CAMBRAY, France—Supertramp will be at the Palais des Grottes Oct. 4 at 8 p.m. Weather Report is appearing in Lyons Oct. 1 at the Palais d'Ivoire at 8 p.m. and in Marseilles Oct. 8 at the Salle Valier, also at 8 p.m.

AMSTERDAM—Nina Simone will give a concert at the Concertgebouw Oct. 1 at 9 p.m. It will be her only appearance in the Netherlands. THE HAGUE—Ritchie Blackmore's Rainbow will be at the Concertgebouw Oct. 4 at 8 p.m. ZÜRICH—Strideman Joe Turner is being featured at the Hotel Nova-Park for the month of October. STOCKHOLM—Pianist-singer Lennie Blue will be at the Hotel Reisen every night from Oct. 1-Dec. 17.

FRANK VAN BRAKLE

## OPERA IN LONDON

## 'Toussaint' a Stunning Production

By Henry Pleasants

LONDON, Sept. 29 (IHT).—"Toussaint," a new (and first) opera by David Blake, has a lot going for it in the English National Opera production introduced at the Coliseum last night—and needs every bit.

This is, making no bones about it, an absolutely stunning production, ingeniously and imaginatively staged by David Pountney, with wonderfully colorful and evocative sets and costumes by Maria Björnsen. It is much enlivened—and just in time—by a battle scene with as loud and relentless a cannonade as may ever have been heard in a theater (pyrotechnics by Theater Scene Armoury Ltd.) and by a scene with Napoleon's sister Pauline sung by a Teresa Cahill dressed—or undressed—exactly as she is in Canova's famous marble.

Some measure of the accomplishment may be gained by noting that the first act alone has 11 scenes and is set in five different years: 1791-92-93-94-95. The cast is enormous, and the stagecraft by which hordes and sets are got on and off is breath-

taking. Remembering other recent productions at the Coliseum, notably last season's production of Tan Hamilton's "The Royal Hunt of the Sun," one is tempted to say that when it comes to this kind of thing, the ENO is in a class by itself.

## Takes Too Large

But the staging problems and the accomplishment make their own commentary on the opera as such. In attempting to embrace all the social, racial and political facets of the black revolt that led to Toussaint l'Ouverture's troubled rule over Saint Domingue, Blake and his librettist, Anthony Ward, have taken on too much, and have then compounded their own and the audience's difficulties by not knowing what to omit or when to stop.

As one would expect from a former pupil of Hans Kessler in East Berlin, Blake is concerned primarily with the human condition, but the anti-colonial message is leavened by the cynical asides of a loquacious commentator (brilliantly played and spoken by Leslie Belcourt) and by the fact that Toussaint himself (Neil

Howlett) is properly represented as an equivocal character. Similarly, the monotony of a prevailing and fashionably arid and unvoiced score is leavened from time to time—if usually too late and for too long—by genuinely lyrical ensemble and solo episodes.

What sticks in the memory is the production, and a sneaking suspicion that everyone on both sides of the footlights might have been better and more expeditiously served simply by pageantry in the form of tableaux vivants with incidental music—and not too much of it.

At the Royal Opera a series of performances of "Tosca" is dedicated to the memory of Maria Callas, who was last heard there in that role. Montserrat Caballé, at the opening performance Monday night, offered as beautifully sung a first act as any I can remember, and Jose Carreras, was a Cavaradossi of comparable excellence. They will be replaced beginning Oct. 12 by Galina Vishnevskaya and Carlo Bergonzi. Peter Glossop is the Scarpia.

## THEATER IN BERLIN

## A Tale Behind the Beckett Play

By Paul Moor

BERLIN, Sept. 29 (IHT).—Samuel Beckett has come to the Berlin festival to stage his play "Krapp's Last Tape" at the Akademie der Künste with an American ex-convict, Rick Cluchey, as the play's only actor, and thereby hangs a tale that manages to upstage even the importance of Beckett's first production in English anywhere of a play of his.

Rick Cluchey, born in Chicago's tough South Side in 1933, grew up there as the oldest of eight children of a Catholic radiator repairman who earned \$60 a week. In Los Angeles in 1953, Cluchey, who had taken to drugs of the Benzadrine and Nembutal category, joined an accomplice in abducting, robbing, and shooting a middle-aged hotel executive. Cluchey had no criminal record, but the law left the judge no choice but to sentence him to life imprisonment, with no possibility of parole.

## Parole Granted

In San Quentin penitentiary, a 1957 performance of Samuel Beckett's "Waiting for Godot" by the San Francisco Actors Workshop brought a turning point in Cluchey's young life. Together with other convict enthusiasts, he organized the San Quentin Drama Workshop. During the next few years, they did 35 productions, including "The Iceman Cometh," "Don Juan in Hell," and three of Beckett's plays.

Approached by the judge who had reluctantly imposed that life sentence upon Cluchey, California's governor commuted it, opening the way to parole. A few years later, in 1966, Cluchey walked out of San Quentin, but



Samuel Beckett

on strict parole for the rest of his life.

In prison, Cluchey had written his own first play, "The Cage." Paroled, he organized a group of fellow ex-convicts to perform his prison drama, which they did eventually in every American state and in several European capitals, every performance followed by audience discussion of present-day prison conditions and how to make them more humane.

When Cluchey's Puerto Rican wife Tere bore their first child in Edinburgh in 1974, they named him Louis Beckett Cluchey. After a correspondence that had begun many years earlier, the Paris opening of "The Cage" later that year brought Beckett and Cluchey together for the first time. Beckett became, in Cluchey's own metaphor, the personal Godot he himself had waited for so long.

When Beckett came to Berlin to stage "Waiting for Godot" at

the Schiller Theater, Cluchey came with him as his assistant. That led to an invitation and generous stipend from the German Academic Exchange Service and several months ago Rick and Tere Cluchey and their child Louis settled into an apartment here.

## Beckett Helps

And so now Samuel Beckett has lent a further hand by staging this production, and a phrase in the program indicates he has done it, what's more, without fee. Cluchey's old company, the San Quentin Drama Workshop, has reassembled here to produce it. Performances continue through Oct. 9.

All in all, obviously, a most unusual theatrical occasion. Honesty forces me to say this presentation suffers by comparison with no less than four previous Berlin productions of this play, ever; one of them graced by unforgettable performances by top flight German actors. For bad things reasons of his own, Beckett has chosen to ignore the stage's invisible fourth wall, between stage and audience, and to have Cluchey, especially at the beginning, play straight to the audience; such direct communication penetrates and eradicates Krapp's desolate isolation and loneliness, and brings to some lines unfortunate reactions quite alien to those they ought rightly to evoke.

As always with Beckett, silence often assumes a dominant importance, and here both Beckett and Cluchey show a sure sense of timing and pace. By conventional critical standards, the evening has its lacks, but placed into context, it provides a moving and rewarding theatrical human experience.

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## 'Little Chance' Seen for Cut in U.S. Deficit

WASHINGTON, Sept. 29 (AP)—Treasury Secretary Michael Blumenthal told a press conference today there is "little chance of significant reduction" in the U.S. merchandise trade deficit next year.

Blumenthal said "we think too early" for any specific estimate of next year's trade deficit, but he conceded that it takes a considerable period of time for the United States to adjust its trade and current-account deficits into better balance, and warned the Japanese protectionist pressures will

increase in the United States and other countries unless Japan takes action to reduce its large trade surpluses with other nations.

The U.S. official said that he did not want to question the intent or goodwill of the Japanese in carrying out economic adjustments. He said, however, that it is now likely that Japan will have a current-account surplus of \$9 billion to \$10 billion this year and Japan's trade surplus in 1978 may be about \$15 billion.

Mr. Blumenthal said that situation is making the adjustment process more difficult for other countries.

### Sorry About Zenith

On another issue, Mr. Blumenthal expressed regret that some U.S. corporations, such as Zenith Radio Corp., are closing down some of their U.S. operations and laying off workers to switch production abroad. He said that he was "personally very concerned" over the loss of U.S. jobs due to import competition.

Mr. Blumenthal asserted that if the reasons for U.S. companies closing their factories involved dumping, foreign government subsidies, or forms of "unfair competition," the Treasury Department will take "vigorous action."

On the U.S. economic outlook, the Treasury chief said that the Carter administration is "still shooting" for a 5-per-cent increase in real economic growth in 1978. "We think we can achieve it," he said.

At the U.S. economic performance appears to be going to fall short of that target, Mr. Blumenthal said, there is still time to take further action to stimulate U.S. economic growth in 1978.

### Deficit Forecast

Mr. Blumenthal, earlier this week, said that the U.S. trade deficit in 1977 would total \$28 billion, up from \$24 billion in 1976, and the current-account deficit for the country's international payments was expected to be in the \$16-billion to \$20-billion range. Some private economists are projecting a current-account deficit of \$20 billion in 1978.

At his press conference today the U.S. Treasury secretary said the Carter administration is considering various measures to help increase exports while reducing U.S. dependence on imported oil next year. He referred to efforts to step up the volume of U.S. Export-Import Bank lending to illustrate this point.

Mr. Blumenthal was asked whether the administration, in the tax program to be submitted to Congress later this year, would seek a cutback on the tax incentives for corporations which use Domestic International Sales Corp.'s affiliates for their export business. He said that the question of how long the DISC tax incentives should be continued has not yet been decided.

## Spending by U.S. Authorities Helps Upturn by Economy

By Jack Egan

NEW YORK, Sept. 29 (WP)—The business continues to hold on capital outlays and consumer expenditures are expected all off over the next several years, spending by federal, state and local levels of government is building in strength and help the economy to sustain expansion.

That was the view expressed today by Albert Sommers, chief economist for the Council on Economic Priorities, in a one-day conference on the 1978 business outlook held by the business research organization.

Mr. Sommers said a recession is necessary and improbable at point in 1978 or 1979, and predicted a real increase in U.S. economic growth of about 4 per cent next year, with a somewhat quicker advance in 1979.

While the forecast is not gloomy, Mr. Sommers said, "it falls short of the sustained vigor required to approach the output and unemployment goals of the Carter administration."

He also said that the administration is unlikely to achieve the balanced budget in fiscal 1981 that the President has set as a top priority. And he said that the accumulated federal deficits for the five calendar years 1975-79 "would amount to a spectacular \$285 billion, give or take a dozen billion."

### Stability Test

"Such an outcome may well test the emotional stability of the fiscally orthodox," he told the audience of business leaders.

But he noted that for the near term spending by various governmental units is providing a needed shot for the economy.

In fiscal 1977, which ends tomorrow, federal outlays rose about 7 per cent but they are expected to rise at almost double that rate in fiscal 1978, with notable increases in defense spending, as well as in a host of new or enlarged transfer and socialization programs, Mr. Sommers said.

During last year's economic "pause," federal purchases of goods and services were stable. By contrast, federal outlays during the current slowdown "have already been rising appreciably, and will evidently continue to do so throughout 1978."

State and local levels of government, which also showed a zero rate of growth in outlays in 1976, can be expected to considerably increase their spending as a result of an improvement in their financial positions.

"Unlike the experience a year ago, the present descent of the growth rate of private business is being imposed upon a sustained upturn in the spending of government," Mr. Sommers said. "Accordingly, it does not seem to be necessary to assume that the new pause represents an onset of recession, or even that it will be as prolonged as the pause of the last half of 1976."

## Buddhist Saying Quoted at IMF Talks

### Japan's Inscrutable Trade Policy

By Hobart Rowen

WASHINGTON, Sept. 29 (WP)—Things are mostly smooth and non-abrasive at this year's annual meeting of the World Bank and the International Monetary Fund. But almost without exception, acerbic fingers are pointed at Japan for running a current account surplus of \$9 billion with the rest of the world.

But being the "heavies" in this situation has not fazed the Japanese. Inscrutable as always, they acknowledge the problem, promise to look into it—but make no hard and fast commitments. This has frustrated their major trading partners, but it does not appear that much will be done about it. At a dinner meeting last Saturday night among Treasury Secretary Michael Blumenthal, Japanese Finance Minister Hideo Boh and the finance ministers of Britain, West Germany and France, Mr. Boh was told bluntly that the Japanese surplus threatened the stability of the international monetary system.

Calmly, in his address to the joint meeting on Monday, Mr. Boh ignored the pressures. He quoted a Buddhist saying that "helping others helps oneself" but he promised only that "we will explore various possibilities to further promote imports."

Turning the heat up a notch, British Chancellor of the Exchequer Denis Healey, who participated in the Big Five dinner, later threatened retaliatory measures against Japan in a sharp passage in his formal address to the joint meeting.

The unflappable Japanese did not lose their cool, but they are bitter. Mr. Boh told a reporter that he had not himself heard Mr. Healey's address "but my impression is that Mr. Healey doesn't understand Japanese problems."

In an interview yesterday, Vice-Minister of Finance Michiya Matsukawa said that the floor of

the annual meeting was not the right forum for such a blunt comment by one friendly nation to another. He said that he was not angry, but "most unhappy."

Mr. Matsukawa cited Japan's commitment to expand sufficiently to hit a 6.7-per-cent growth target. He said "we quite agree" that every country has its global responsibilities, but that critics such as Mr. Healey had to "pay respect" to what Japan was undertaking, and what the limits are in view of conditions peculiar to Japan.

Japan, which now has a staggering \$26-billion annual oil bill, has been paying for it not by exports to OPEC but by exports to third countries—which is why they complain. The way they view it, Japan is transferring its oil deficit to them.

When the Japanese surplus (and a much lesser West German current account surplus) are added to the OPEC \$40-billion surplus, Mr. Healey said, the problem of financing the resultant deficit "could prove insurmountable."

The ideal solution that Mr. Healey, Mr. Blumenthal and others press on Mr. Boh is to boost the Japanese domestic economy so that it will be importing more goods from other countries instead of increasing exports.

There is one defender of Japan among the major nations here, and not surprisingly it is another wealthy power, West Germany, which also has come under criticism for being too self-centered.

At a press conference Tuesday German Minister of Economics Hans Apel said it was unjust for criticisms to be focused on one or two nations. Part of the Japanese problem, he said, was the failure of other countries to control their own inflation. "Economic success can not be criticized," said Mr. Apel, no doubt thinking of his own country as well as Japan, "but it gives you a lot of responsibility."

## Move Will Cost 5,600 Jobs in U.S.

### Zenith Ends Holdout Against TV Imports

By Jerry Knight

WASHINGTON, Sept. 29 (WP)—Zenith color television sets next year will still have a "made in USA" label on them, but that will be little consolation for John Nevins, the chairman of Zenith Radio Corp. Mr. Nevins said on Tuesday that Zenith is losing money and no longer can afford to make all the things that go into its color TV sets in the United States. The company will shift its production of component parts to Taiwan and Mexico at the cost of 5,600 American jobs. It also will mean there no longer will be any all-American-made television sets.

For years Zenith and Mr. Nevins led American television makers

in the fight against Japanese imports. It was Zenith that accused the Japanese of "dumping" TV sets here for less than they were sold for at home. It was Zenith that charged the Japanese with manipulating color TV set prices here, filing an anti-trust suit that is still pending in federal court in Philadelphia. And it was Zenith that continued to make a virtually all-American television set long after other makers had turned to foreign-made parts.

About a quarter of the company's American workers will lose their jobs. Zenith plants abroad will make circuit boards and chassis sub-assemblies for color television sets. Zenith stereos will be built to order by foreign makers. The only remaining U.S.-made Zenith product will be the company's model 700 Transoceanic shortwave radio. "Built in Chicago, the Transoceanic is the only radio still made in the United States."

About a third of the parts for Zenith color sets will not be imported, industry sources estimate. Up to now Zenith has used less than 10 per cent foreign parts, far fewer than any other television maker. Because less than 40 per cent of the parts will be imported and the final assembly will be done here, Zenith will still be able to call the sets American-made.

Zenith has for years been America's largest television manufacturer but recently its share of the market has shrunk. Television Digest, an industry newsletter, estimated Zenith sold about 23 per cent of the color television sets in the country in the 1977 model year, slightly down from 23 per cent of the 1976 models and 24 per cent of the 1975 models. RCA, formerly the industry's sales leader, until now has 20 per cent of the market.

Zenith's decision to join the component importers is the final evidence that domestic television makers cannot compete with the Japanese, said Charles Ryan, a

specialist in the industry for Merrill Lynch, Pierce, Fenner & Smith. He said, however, that the industry is not threatened with extinction because most picture tubes are made in this country, as are most television cabinets, which are too costly to ship.

He described Zenith's shift as "a management decision to increase profits in an environment in which they could not increase prices."

Last year Zenith earned \$38.6 million profit on sales of \$978.2 million. In the first half of this year, earnings were down to \$13.5 million.

## More Nations Said Planning Economy Boost

WASHINGTON, Sept. 29 (Reuters)—More countries besides the "big three" of the United States, West Germany and Japan are planning to reflate their economies to help speed up the world's faltering economic recovery, a Japanese government minister said today.

Michiya Matsukawa, chairman of a working party of the Organization for Economic Cooperation and Development, told reporters after a meeting that this had been promised, but he declined to name the nations involved.

Delegates at the annual meetings of the International Monetary Fund and World Bank here have heard repeated calls this week for more countries to join in a widespread effort to reflate.

Experts here have voiced fears that the planned economic growth of the Big Three this year and next will not be enough to avoid lagging industrial activity and rising unemployment.

Mr. Matsukawa is Japan's vice-minister of finance for international affairs.

## France Is Best For Tax Breaks

BRUSSELS, Sept. 29 (AP)—A West European industrial worker and his wife who want to keep their taxes down will do well in France, according to figures compiled by the Common Market.

Only 8.5 per cent of their income, on the average, will be deducted from salary in taxes and social security contributions if they have two children aged nine and 13. If they are childless, it will be 13.3 per cent.

If they live in Denmark, though, it would be 33.6 per cent if they have two children and 35 per cent if they are childless. Those who prefer to stay single get a better break in Italy, where the deduction would be 15.4 per cent.

## Swiss Retail Sales

BERN, Sept. 29 (AP-DJ)—Retail sales in Switzerland rose a real 6.2 per cent in August from a year earlier, the sharpest rise since October, 1974, the government reported.

## U.S. Leading Index Gains 0.8%

WASHINGTON, Sept. 29 (WP)—The key government index designed to forecast changes in the economy rose sharply last month, the government reported today—ending three months of sluggishness that some analysts feared might portend a prolonged slowdown.

The Commerce Department announced its index of leading economic indicators rose a robust 0.8 per cent in August—the steepest jump since March, when the economy was rebounding from the effects of the winter cold spell. At the same time, the agency revised its July index to show a modest 0.2-per-cent rise, rather than the 0.2-per-cent decline reported in preliminary estimates. This reversed what would have been the third monthly drop in a row.

The combination of figures was heartening to economists, who earlier had worried that the downturn in the index might be pointing to another prolonged doldrums-period such as the one that prevailed in the final few months of the Ford administration.

Michael Blumenthal, the secretary of the Treasury, termed the August turnaround "encouraging." He told a press conference that policymakers took "some degree of comfort" that "things seem to be picking up."

Although analysts cautioned that a single month's statistics are not reliable, economists said the August figures suggested that the slowdown may be ending and the recovery may be about to resume a more vigorous pace.

Maynard Combes, the Commerce Department's deputy chief economist, said current expectations are for the economy to grow at a 3 to 5-per-cent annual rate this quarter and then speed up somewhat during the final three months of the year.

The recovery has been undergoing an adjustment from the rapid, but unsustainable, pace of the first and second quarters to what analysts predict will be a slower, but still respectable, pace during late 1977 and early 1978.

However, forecasters are still uncertain about the likely performance in the second half of 1978, when, some economists are predicting, the recovery will weaken. Several prominent forecasters have predicted the economy may slow to below 4 per cent—the pace needed to keep the unemployment rate from rising.

Mr. Blumenthal insisted today

he still was optimistic about the longer-run outlook, but he repeated a pledge made earlier by Charles Schultz, President Carter's chief economist, that if the recovery falters the administration will take new steps to bolster it.

Today's report showed favorable trends in six of the 10 individual indicators included in the August statistics. Three other components declined and one—the layoff rate of workers—remained essentially unchanged.

Among those on the rise were change in total liquid assets, change in sensitive prices, contracts and orders for plant and equipment (in 1972 dollars), money balance (in 1972 dollars), new orders for durable goods, and building permits.

The three indicators showing

declines were the length of the average workweek, vendor performance and stock prices. Of these, the decline in the length of the workweek had the most influence in holding the index down.

The revision to the July figure stemmed primarily from inclusion of late data on net business formations, which were not available when the July figure was compiled. The August index, too, will be subject to revision.

The revision for July shows the index remained essentially flat during most of the late spring and summer. Before that, its performance had been erratic, but the figures had jumped sharply between February and April.

Today's report left the overall index at 131.3 per cent of its 1967 average.

## Wall Street Prices Get Boost From Gain in Leading Index

NEW YORK, Sept. 29 (Reuters)—Encouraging news for the economy gave stock prices a lift today, as the market moved higher along a fairly broad front in stepped-up trading.

Helping the market was the government's report of a hefty 0.8-per-cent rise in the August index of leading economic indicators.

The Dow Jones Industrial average rose 8.37 points to 840.09, and advancing issues led declines by about 85 to about 400.

Volume totaled 21.18 million

## Company Report

Revenue, Profits in Millions of Dollars			
Gen. Tire & Rubber			
Third Quarter			
Revenue	514.90	1976	539.00
Profits	28.30	1976	32.30
Per share	1.25	1976	1.45
Nine Months			
Revenue	1,560.00	1,470.00	
Profits	88.90	77.20	
Per share	3.98	3.43	

## Xerox Expects Record

NEW YORK, Sept. 29 (Reuters)—Xerox Corp. expects 1977 earnings and revenues will better the record 1976 earnings of \$359 million or \$4.51 a share, on revenues of \$4.4 billion, president David Kearns told reporters.

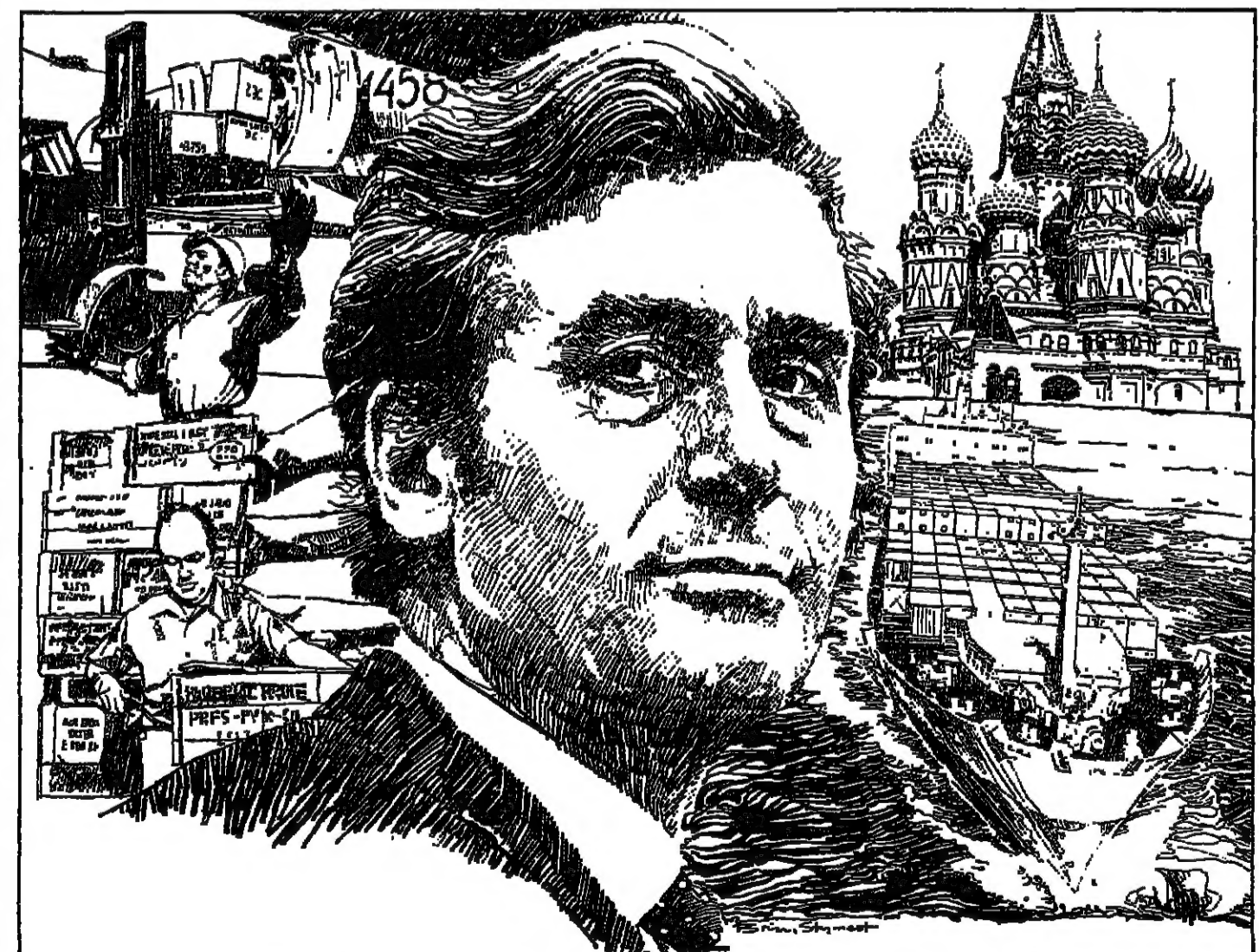
shares, compared with 17.96 million yesterday.

Morris Cohen, chief economist at Schroeder, Nass & Thomas, said the increase in the August index was "highly constructive."

Mr. Cohen, who has been more optimistic about the economy than many of his colleagues, said "we have two very strong months" and "my enthusiasm is rising."

Analysts said the market was also helped by anticipation of a better weekly money supply figure, which they said would relieve pressure on the Federal Reserve to tighten credit further. The speculation proved accurate. After the market close, the Fed reported a 1.1-billion decline in M-1 and a \$900-million drop in M-2 for the week ended Sept. 22. Savin Business Machines was one of the most prominent losers, falling 7 1/4 to 39 5/8, while Nabors fell 2 3/4 to 24 5/8. The two companies may be affected by a possible change in Ricoh Co.'s distribution agreement. Nastua distributes Ricoh products in parts of the world under a licensing deal with Savin.

Miles Laboratories was off 1 3/4 to 40 1/4, after surging more than 12 points yesterday. The company is in acquisition talks with EBay AG and other companies, and the Justice Department said either it or the Federal Trade Commission will look into the proposed deal.



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Shown at left, new head offices of Trade Development Bank, Geneva. Swiss subsidiary of the Trade Development Bank Holding Group. TDB is now the sixth largest commercial bank in Switzerland.



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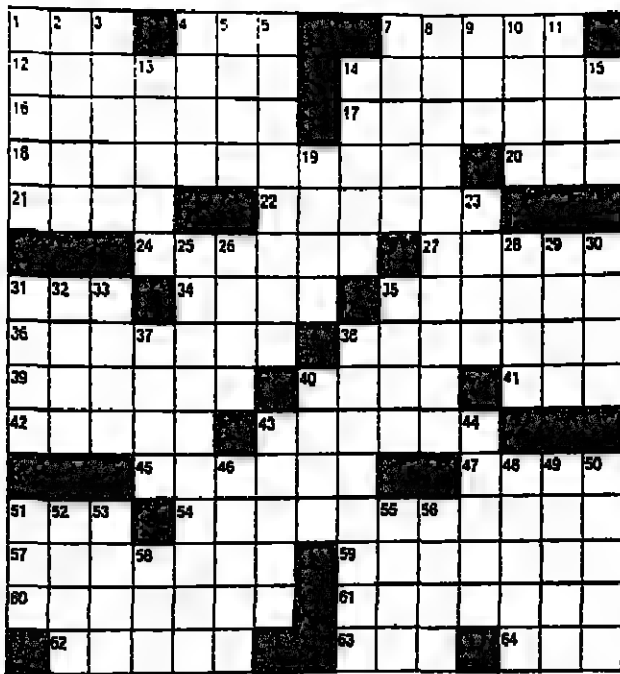








# CROSSWORD—By Eugene T. Maleska



- ACROSS**
- 1 Tread the boards
  - 4 General's asst.
  - 7 Food fish
  - 12 Norma or Moira
  - 14 More thorny
  - 16 Amass
  - 17 Hospital worker who sounds neat
  - 18 Cast-iron plants
  - 20 Pub potable
  - 21 Fiesta lover
  - 22 Ensnared
  - 24 Chairpersons' mallets
  - 27 Having
  - 31 Sofa extremity
  - 34 Number of Muses
  - 35 Helix
  - 36 They sing
  - 38 Man, mandril and 60 Across
  - 39 Tact
  - 40 Met star
  - 41 Trygve
  - 42 Lousy storage place
  - 43 Ornamental recesses
  - 47 Mine entrance
  - 51 Tool in a Markham poem
- DOWN**
- 1 Tim Pan Alley acronym
  - 2 Elected
  - 3 Pace
  - 4 Like the Spanish Sahara
  - 5 Where to get cold cuts
  - 6 Emblem of Turkey
  - 7 Prop in a mine
  - 8 U.S.N.A. student
  - 9 Compass reading
  - 10 Money in Naples
  - 11 Marksman who foiled Gessler
  - 13 David Fry's
  - 14 Cluster of plant spores
  - 15 Cereal grass
  - 16 "Decameron" unit
  - 23 Shipshape
  - 25 Foretaste
  - 26 Contended
  - 28 Soviet inland sea
  - 29 Amblebones
  - 30 Follower of somebody or nobody
  - 31 Greenish-blue
  - 32 Small or stunted animal
  - 33 Gln pole
  - 35 Event on a rink
  - 37 Weather word
  - 38 Subject of "SALT" talks
  - 40 Profound
  - 41 River at Avignon
  - 44 Mock
  - 46 Quondam announcer
  - 48 Capers
  - 49 List components
  - 50 British radicals
  - 51 Tapper in a "sheek"
  - 52 Character in "The Iceman Cometh"
  - 53 Anglo-Saxon laborer
  - 55 Nucha
  - 56 Pick up one's marbles
  - 58 Twenty-third Hebrew letter

# WEATHER

	L	S	C
ALGARVE.....	21	70	Clear
AMSTERDAM.....	16	61	Cloudy
ANKARA.....	9	48	Overcast
ATHENS.....	14	67	Shower
BANGKOK.....	28	83	Clear
BELGRADE.....	13	53	Clear
BERLIN.....	17	62	Overcast
BOMBAY.....	11	68	Clear
BUCAREST.....	17	68	Clear
BUDAPEST.....	13	53	Cloudy
CASABLANCA.....	23	71	Clear
COPENHAGEN.....	13	53	Cloudy
COSTA DEL SOL.....	24	73	Clear
DUBLIN.....	13	59	Shower
EDINBURGH.....	14	57	Overcast
FLORENCE.....	20	64	Clear
FRANKFURT.....	17	63	Overcast
GENEVA.....	17	63	Cloudy
HELSINKI.....	16	61	Shower
ISTANBUL.....	14	67	Overcast
JAKARTA.....	25	71	Clear
LONDON.....	17	63	Variable
LOS ANGELES.....	19	62	Variable

Yesterday's readings at 1200 GMT: AL, Canada; 1700 GMT others at 1200 GMT.

# INTERNATIONAL FUNDS

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September 29, 1977	
The net asset value quotations shown below are applied by the Funds listed with the exception of some Swiss funds whose quotes are based on last prices. Following marginal symbols indicate frequency of quotations supplied for the day: (d)—daily; (w)—weekly; (m)—monthly; (r)—regularly; (i)—irregularly.	
<b>BANK JULIUS BAER &amp; Co. Ltd.</b>	<b>Other Funds</b>
(d) Bearbond.....	SP30.70
(d) Bearbond.....	SP30.70
(d) Bearbond.....	SP30.70
(d) Bearbond.....	SP30.70
(d) Bearbond.....	SP30.70
<b>BANQUE VON ERNST &amp; CO.</b>	
(d) CEF Fund.....	SP1.20
(d) CEF Fund.....	SP1.20
(d) CEF Fund.....	SP1.20
(d) CEF Fund.....	SP1.20
(d) CEF Fund.....	SP1.20
<b>CAPITAL INTERNATIONAL S.A.</b>	
(w) Capital Int'l.....	\$15.39
(w) Capital Int'l.....	\$15.39
(w) Capital Int'l.....	\$15.39
(w) Capital Int'l.....	\$15.39
(w) Capital Int'l.....	\$15.39
<b>CREDIT SUISSE</b>	
(d) Actions Suisse.....	SP24.50
(d) Actions Suisse.....	SP24.50
(d) Actions Suisse.....	SP24.50
(d) Actions Suisse.....	SP24.50
(d) Actions Suisse.....	SP24.50
<b>DIT INVESTMENT FRANKFURT</b>	
(d) Concentra.....	DM21.10
(d) Concentra.....	DM21.10
(d) Concentra.....	DM21.10
(d) Concentra.....	DM21.10
(d) Concentra.....	DM21.10
<b>FIDELITY (RENTAL)</b>	
(w) Fidelity Amer Assets	\$19.20
(w) Fidelity Amer Assets	\$19.20
(w) Fidelity Amer Assets	\$19.20
(w) Fidelity Amer Assets	\$19.20
(w) Fidelity Amer Assets	\$19.20
<b>G.T. (RENTAL) LIMITED</b>	
(w) Betty Pac. Fd. Ltd.	\$39.52
(w) Betty Pac. Fd. Ltd.	\$39.52
(w) Betty Pac. Fd. Ltd.	\$39.52
(w) Betty Pac. Fd. Ltd.	\$39.52
(w) Betty Pac. Fd. Ltd.	\$39.52
<b>JARDINE FLEMING</b>	
(r) Jardine Japan Fund	\$13.31
(r) Jardine Japan Fund	\$13.31
(r) Jardine Japan Fund	\$13.31
(r) Jardine Japan Fund	\$13.31
(r) Jardine Japan Fund	\$13.31
<b>LLOYDS INT'L MGT. CO. LTD.</b>	
(w) Lloyds Int'l Growth	SP34.50
(w) Lloyds Int'l Growth	SP34.50
(w) Lloyds Int'l Growth	SP34.50
(w) Lloyds Int'l Growth	SP34.50
(w) Lloyds Int'l Growth	SP34.50
<b>PROPERTY GROWTH OVERS. Ltd.</b>	
(w) U.S. Dollar Fund.....	\$85.44
(w) U.S. Dollar Fund.....	\$85.44
(w) U.S. Dollar Fund.....	\$85.44
(w) U.S. Dollar Fund.....	\$85.44
(w) U.S. Dollar Fund.....	\$85.44
<b>SEPRO: (N.A.V.)</b>	
(w) Seppo (N.A.V.).....	\$12.80
(w) Seppo (N.A.V.).....	\$12.80
(w) Seppo (N.A.V.).....	\$12.80
(w) Seppo (N.A.V.).....	\$12.80
(w) Seppo (N.A.V.).....	\$12.80
<b>BOWD GROUPS GENEVA</b>	
(r) Bowd Sw. R. Fd.....	SP1.50
(r) Bowd Sw. R. Fd.....	SP1.50
(r) Bowd Sw. R. Fd.....	SP1.50
(r) Bowd Sw. R. Fd.....	SP1.50
(r) Bowd Sw. R. Fd.....	SP1.50
<b>SWISS BANK CORP.</b>	
(d) America-Valor.....	SP40.00
(d) America-Valor.....	SP40.00
(d) America-Valor.....	SP40.00
(d) America-Valor.....	SP40.00
(d) America-Valor.....	SP40.00
<b>UNION BANK OF SWITZERLAND</b>	
(d) Amica U.S. Sh.....	SP24.50
(d) Amica U.S. Sh.....	SP24.50
(d) Amica U.S. Sh.....	SP24.50
(d) Amica U.S. Sh.....	SP24.50
(d) Amica U.S. Sh.....	SP24.50
<b>UNION INVESTMENT FRANKFURT</b>	
(d) Atlantifonds.....	DM14.00
(d) Atlantifonds.....	DM14.00
(d) Atlantifonds.....	DM14.00
(d) Atlantifonds.....	DM14.00
(d) Atlantifonds.....	DM14.00



## JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

LAWRB  
CUNEL  
TUNFAL  
OSMACT

Answer here: A

Yesterday's Jumbles: BLIMP PANDA MEMORY STUPID  
Answer: A disease sometimes suffered by people who borrow money — AMNESIA

## DENNIS THE MENACE

"DENNIS HAS BEEN A LITTLE ANGEL ALL DAY."

"NOPE, SHE HASN'T FOUND IT YET."

# BOOKS

**ENTER A GOLDFISH**  
*Memoirs of an Irish Actor, Young and Old*  
By Micheal MacLiammóir. Thames and Hudson. 192 pp. \$3.95  
Reviewed by A. J. Leventhal

MANY people will recall the one-man show with which Micheal MacLiammóir toured much of the Western Hemisphere, "The Importance of Being Oscar," and may be aware also of his peregrinations and privations in the cinematic world of Orson Welles as related in his Put Money in Thy Purse. His partnership with Hilton Edwards in the founding of Dublin's Gate Theatre is generally known. Now as he approaches his eighth decade he has published "Enter a Goldfish: Memoirs of an Irish Actor, Young and Old."

At one point in this book the author reports the holding of a séance in which the writer of this article took part, not only took part but ritually went into a trance, overlooking the process by, so he says, losing all his features. Byrows, nose and lips vanished. Years' description of a spirit is quoted for verisimilitude:

No eyes, no mouth, his face a wall of flesh; I saw him clearly by the light of the moon.

This was a long time ago. Just two years after the 1916 Easter Rising, I might have forgotten the incident had I not at the time been asked by MacLiammóir himself and Arthur Shields to write my impression of our shared experience. This was published long after, in 1950 in "Envy," a Dublin magazine, thereby incurring the wrath of the event's revelers. This is how I described the artist as a very young man:

"He is remarkable for three things—his painting, his dreams and his hair. He paints in intense water color concentric circles that fly off into ornamental flames with bull's eye to focus attention. His dreams bring him to the Egypt of the Ptolemys where he is on the point of being sacrificed to some mammal god when he recognizes his sister in the veiled swaying figure of the priestess. The sister dreams the same dream and we are assured, there is a cousin addicted to the same habit of living his pre-natal lives, who appears to have been the offerer of the sacrifice."

MacLiammóir's hair is a shock in the double sense that it rises in a round mass of curls from his head and starts the pious convention of male prudes. He is nineteen, speaks Spanish in his sleep, knows by heart Wilde's plays, hates bridge, sings the Volga boat song, is anti-English in the Gaelic press and tells fortunes.

Dreams, painting, sisters and cousin loom largely in the early section of the autobiography. His dreams hark back to a previous existence with intimations that characters therein will reappear in his present life. Such as his former cousin with whom he was firmly linked by pre-natal chains. He writes: "It was

Still, no Garda is likely to enforce the law. For year blind eye has been turned areas considered unfruitful either social or statutory in mind. The Irish wit, as pressible and mischievous as would talk of the Gaelic Abbey Theaters at Sodoma Begorra. An aesthete rearing a one-time popular would lastly announce bet two whistles that when came knocking at the Gate entered by the back door. Let it be understood. This is no plea for gay liberation: someone hurt by society, the narrative of one who made his mark in his ch professor and whose it pervades his prose with a perceptible other-world odor.

A. J. Leventhal is a re professor of modern literature at Trinity College, Dublin.

# BRIDGE

Gold often engenders heat at the bridge table, especially in post-mortems. If a declarer goes down in a slam and is then told by his partner, an opponent, or worst of all, a kibitzer, that his contract was "cold," he is liable to become overheated—especially because "cold" in this context often means "malleable by the best line of play after hours of careful analysis."

Although South's bidding on the diagram was on the aggressive side, he reached an entirely satisfactory contract of six diamonds. This is easy enough against normal breaks, but the heart division and the location of the club king created problems that South was unable to solve.

When the deal was over, a kibitzer announced that the slam was "cold" and departed swiftly in case an infuriated declarer offered violence. He then felt an obligation to justify his comment.

With any reasonable breaks, trumps no worse than 4-1 and hearts no worse than 4-2, South can maneuver to establish hearts, scoring five trump tricks, five heart tricks, two spade tricks and the club ace.

After winning the heart ace, South leads to the diamond ace and ruffs a low heart with a trump honor. It is no big surprise that West discards the club king, and now South has to work hard in an attempt to avoid reliance on a club finesse.

His first move should be to cash the diamond queen, to make sure of a three-two trump break. If this fails to materialize, he would have to depend on a club finesse.

As it is, with the given trump break established, South leads a spade to the jack in dummy.

East does best to win with ace and return a club in position:

NORTH  
♠ A Q 8 7  
♥ 10 9 8 7  
♦ K 7  
♣ A 7 6 5 4 3 2

WEST  
♠ 9 7  
♥ 10 9 8 7  
♦ K 4 3 2  
♣ A 7 6 5 4 3 2

SOUTH  
♠ K 10 6 5  
♥ 10 9 8 7  
♦ A 10 9 8 7  
♣ A Q J

Both sides were vulnerable. The diagram shows the best line.







Sir Edmund Hillary, 58, the first man to climb Mount Everest, has returned to South Asia to undertake a different kind of challenge: A 1,500-mile trip up the Ganges River in three 17-foot fiberglass motorboats. The expedition, which began in the Bay of Bengal south of Calcutta four weeks ago, is scheduled to end next month when Sir Edward and his 12-man team, which includes his 22-year-old son, Peter Hillary, reach the source of the Ganges and then climb 19,000-foot Mount Narayan Purbal in the Himalayas. The New Zealand explorer, who reached the top of Everest in 1953, says he thinks that no one has ever traveled up the full length of the Ganges by boat.

So far, the trip has been a peaceful chug up the holy river, with time out for a prayer ceremony offered by townspeople at Hardwar, who garlanded him with jasmine and showered him with rose petals. But next week the going will be rougher as the river rises steeply to the Himalayan sources. The party will encounter its first rapids and white water.



A reporter from the *Yaman* newspaper Bild Z. interviewed President Carter, evangelist Ruth Carter, when she visited this week and filed a story "her first great love." Once in love with a German officer of war, the newspaper doesn't know his name was 14," she is quoted as saying. "It was at our peanut stand in Miami. A German prince from . . . He was big, blond. He wanted a water from the faucet, and I had to give him one and our hands met. I realized that I was in love the first time. I never loved again." The newspaper wrote was so great that

**REAL ESTATE**      **PERSONNEL W**

[illegible]





INTERNATIONAL  
**Herald Tribune**  
Published with The New York Times and The Washington Post  
PARIS, SEPTEMBER, 1977

# FOCUS ON REPUBLIC OF GREECE

## Nation's Proposed Entry Into the Common Market Is Seen as Means of Safeguarding Its Democracy

### Foreign Links Are Based on Two Issues

By Victor Walker

ATHENS (UPI)—At first sight, there can be few countries of nine million inhabitants exercising a foreign policy so active in so many directions as Greece is today. In reality, there are only two main issues; the rest are either subsidiary to one or other of these, or diplomatic expressions of economic needs.

Greece wants to attain full membership of the European Economic Community (EEC) as soon as possible, and it wants to reach an honorable settlement with Turkey of the Aegean and Cyprus disputes. If these aims can be achieved while simultaneously preserving its traditionally close links with the United States and building up networks of good relations with its Balkan neighbors and its increasingly important trading partners in the Middle East and North Africa, so much the better. If not, then first things are firmly in first place.

The Caramanlis administration inherited from its junta predecessors a dispute with Turkey that stemmed from a fortuitous discovery and a colossal blunder, and that is today its overwhelming foreign-policy problem.

In late 1973, oil was discovered undersea off the North Aegean island of Thassos. It is now clear that the field is relatively small and the oil in it of not particularly good quality; also, no other commercially exploitable oil has yet been found anywhere in the Aegean. But the initial triumph, and quite erroneous, proclamations that the Thassos oil would solve Greece's energy problem was sufficient to start an oil fever.

Ankara published a map of the Aegean continental shelf, indicating concession areas which it claimed to be within its right to grant, that clearly contravened the 1958 Geneva Convention on continental shelves. The fact that Turkey has never ratified the convention is held by Athens not to detract from its force as binding international customary law, on the basis of a World Court ruling in the North Sea Continental Shelf Cases of 1969.

### 'Greek Lake'

The immediate issue is whether, as the Geneva Convention stipulates but Ankara declines to accept, islands are entitled to their own continental shelves irrespective of whether they are sitting on what would be, if they



Premier Constantine Caramanlis and friend.

were not there, the continental shelf of another country.

A literal application of this convention to the Aegean, where Greece has 3,000 islands, would give to Greece 97.5 per cent of the shelf and leave to Turkey, despite its Anatolian coast, 2.5 per cent. Such an interpretation would obviously give Turkey some justification for arguing that the Athens pursuit is to turn the Aegean into a "Greek lake."

But for exactly this reason, the

Greek government—unlike Mr. Papandreu—has never claimed that there is nothing to discuss. Instead, recognizing that Turkey does have rights as a coastal state, it wants Ankara to agree to World Court demarcation of the shelf. Turkey originally accepted, then changed its mind.

Turkey prefers bilateral negotiations. But for such negotiations to get anywhere, Greece would have to offer compromises of a nature that cannot be con-

templated in the absence of reciprocal Turkish concessions in Cyprus.

This is where the blunder by which the Greek junta sealed its own fate in 1974 is still being paid for. By its bungled coup against the late Archbishop Makarios, the junta provided Turkey with its long-dreamed-of opportunity to invade Cyprus.

Long and fruitless intercommunal talks by representatives of

...the OECD report for 1976 says that the Greek economy registered 'significant improvement' during that year. The phenomenon, perhaps justifiably, raises self-praise from the government, which points to the fact that not only did it inherit a chaotic economic situation and striding inflation from the outgoing military rulers, but also had to meet the first open labor demands in many years.

By Evangelos Antonaros

ATHENS (UPI)—The enormous Greek defense expenditures—amounting, according to the government, to the highest proportion of the budget of all NATO countries—will continue to cast its shadow over the Greek economy for some time yet to come. According to official statistics, of the 200 billion drachmas (\$5.5 billion) slated for this year's budget, 25 per cent will be allocated "for the armoring of the country."

In fact, experts say, this proportion will even be surpassed. And yet all the political parties, with the exception of the (Orthodox) Greek Communist party, agreed in Parliament that such a "steady and quite rapid increase in industrial production, and improvement in the unemployment situation, and a significantly improved change in the balance of payments." But at the same time the report noted that "a parallel lack of investment interest, particularly from the private sector, must be met with determination as it comprises a basic precondition for the growth of the Greek economy" in view of EEC membership.

### Five-Year Plan

Many quarters in Greece, including conservative elements, openly accuse the government of "a lack of long-term planning." This charge is perhaps partially true. Earlier this year, the government in an exhibition of bu-

reaucratic delay belatedly announced the principles of the 1978-80 five-year development plan, only the general lines of which were made known.

The parliamentary opposition asked for specific clarification of the government plans. But Minister of Economic Coordination and Planning Panayotis Papayogiannis has repeatedly stated that "the plan does not have the inflexible form of the old school of thought, for we must have the ability to adjust it in accordance with our needs and priorities and not let ourselves be bound in advance."

Premier Constantine Caramanlis has said that the plan "will in no way (be) a set blueprint of what has to be done." In general, planning is only indicative and it is far behind Western European standards. One government deputy dismisses opposition suggestions of creating a permanent economic and social committee as liable to curtail par-

liamentary rights and open the way to Mussolini-style rule.

However much the use of long-term economic development plans is questioned, there is an arguable need for long-term planning in Greece. Both the multiplicity and particular uniqueness of local problems makes essential the existence of some planning framework within which the technocrats must move in order to maintain some hope of ridding the Greek economy of its antiquated structure.

To begin with, there is the issue of the dual nature of the Greek economy, which in some ways reflects in microform the contrasts between Italy's North and South. In Greece the central issue is the division between the agricultural countryside and the two or three major urban centers. No other European country, not even Spain or Portugal, employs such a large proportion of the population in agriculture as Greece does.

As happens in most countries, the 35 per cent of the population employed in agriculture—an official figure although other experts say it is lower—does not contribute proportionately to the Greek economy. Only some 20 per cent of output comes from agriculture, the sector which no doubt requires the greatest reforms in view of EEC membership.

The reasons are many: to begin with, the cultivable land is in most areas divided into so many small allotments that their proper exploitation becomes unprofitable. The division of the land in this way—official statistics show that on average 3.5 hectares are divided into seven lots—and the lack of a cooperative spirit among the land owners are the basic reasons for the prevailing outdated agricultural system. Until recently, the lack of state credit for the sector made the matter worse. To halt an even greater flight from the countryside to the city, which

### Stronger Europe Role Viewed As Inhibiting Any Coup Plots

By Victor Walker

ATHENS (UPI)—Greece, Spain and Portugal are three nations with a common experience: all have been able to achieve a bloodless transition from dictatorship to democracy. But only in one—the country with the shortest experience of junta rule—is there a current of belief that the disappearance even by simple retirement of the present Premier would plunge the democratic system back into deep jeopardy.

This is one measure of a lack of faith in the durability of the change that contrasts somewhat strangely with the readiness to proclaim that restoration of democracy without upheaval has been a "Greek miracle."

On the occasion of this year's two anniversaries, the 10th of the 1967 coup and the third of the 1974 collapse of junta rule, the Greeks have been arguing the present situation with a considerable degree of bitterness.

They have ascertained... what-ever their individual political convictions invite them to ascertain: that Greece does or does not have "real democracy," that the old "state of the right" is being maintained or that there is no longer any open political movement in Greece representative of the "national-minded" section of the electorate, that the left is repressed or that it has been set free to infiltrate the state machinery and security forces, and that there has been too much purging or too little among those who served the dictatorship.

### Safeguard

What no one claims to have ascertained is that a new coup is impossible: only that one is impossible "just now."

The government itself has tacitly admitted as much, through its insistence that the primary motive of its pursuit of early full membership of the European Economic Community is to provide an additional safeguard for the democratic system.

The connection between the EEC and democracy, of course, lies in the assumption that any future junta must know in advance that a successful coup would automatically condemn the country to economic ruin.

The reason why a coup is not feared at the present time should be sought not so much in the purging of the army officer corps, which is admitted to have been incomplete, as in the circumstances in which military rule was imposed in 1967 and collapsed in 1974.

In 1967, after two years of political chaos, it was a common secret that some form of "intervention" was being considered by the top generals. Col. George Papadopoulos simply sneaked in first, and reaped power with a column of tanks.

**This Section**

This special report was prepared and written by David Tonge, Victor Walker, Evangelos Antonaros and David Haworth.

The drachma is worth 2 U.S. cents.

There was no opposition, and so little public commitment to "the politicians" that, as Helen Vlachos remarked in her book on the takeover, "House Arrest": "The people in the streets did not show any kind of concern, did not seem to care one way or another. It was not a victory for anybody, man or party. It was an all-round defeat for all politicians of all denominations, a philosophically accepted overthrow of a situation that evidently did not appeal to the majority. Let them have a go! was the feeling of the day."

This situation does not apply today, but is at the heart of the equation "Caramanlis or the tanks." If Premier Constantine Caramanlis went and were succeeded by political chaos, it could indeed happen again.

### Greater Reaction

There might, next time, be a rather greater reaction from the people, but this is probably not something on which the politicians can count with too much confidence.

And then, in 1974, the dictatorship was not overthrown; it collapsed under the weight of its own blunders, culminating in the bungled coup against Archbishop Makarios and the Turkish invasion of Cyprus that followed. Constantine Caramanlis, then as now the one Greek politician of really national stature, was brought back from his self-exile in Paris to avert the disaster of a war with Turkey for which the country was completely unprepared.

Whether the junta really intended that he should stay long enough to consolidate democracy (Continued on Page 2, Col. 1.)

### View From Athens

## Agitations a Two-Way Street Under Pact on Ties With EEC

By David Tonge

ATHENS (UPI)—For Greece's pro-Market, the commission to the EEC does present the community as a favor but rather its up to the obligations the city had undertaken when a Treaty of Association with EEC was signed in 1961. It argues that just as Greece will accept full commitments, the *acquis communautaire*, when it becomes a member, the EEC must accept the Greeks call the *acquis communautaire*—the legal and factitious created by the of Association. Although since the negotiations with the EEC have caused the EEC at the whole question of ion southward, in law has the march on Portugal Spain. Neither of these has a Treaty of Association was thus a certain quiet action in Athens at the sent on April 5 this year. British Foreign Minister, David Owen, recognizing Greece's Treaty of Association played "an extremely role" and would "con- to have a particular im- in the period preced- ce's accession to the EEC fact, becoming increasingly for granted. But there little agreement in Greece at this accession will mean that will be the precise s—or cost—to Greece, however, the analyses are ng more detailed. e has been little airing of ssible problems for Greece's country's two television ad played "an extremely role" and would "con- to have a particular im- in the period preced- ce's accession to the EEC fact, becoming increasingly for granted. But there little agreement in Greece at this accession will mean that will be the precise s—or cost—to Greece, however, the analyses are ng more detailed. e has been little airing of ssible problems for Greece's country's two television ad played "an extremely role" and would "con- to have a particular im- in the period preced- ce's accession to the EEC fact, becoming increasingly for granted. 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# The Government Sees the Need for a Stronger European Role

(Continued From Page 1.)  
too is doubtful; almost certainly, ousted dictator Dimitrios Ioannidis and some of the hard-liners expected to be able to make a comeback once the danger of war was over.

But the war danger persisted, giving him the time he needed to take the actions essential to consolidation.

To follow this reasoning to its logical conclusion, it would clearly be desirable that the underpinnings of EEC membership should be achieved before the prop of the confrontation with Turkey be removed, and before the political stability ensured by Mr. Caramanlis ceases to exist, as one day it must.

For many Greeks seem to have less confidence that the transition to a government headed by anyone else can be achieved as smoothly as was the transition from military to civilian rule in 1974.

One reason for this is that Greece still has no real political parties of principle on the European model, with the machinery of elect or dismiss a leader and, more importantly, the inherent strength to deter disappointed voters from forming parties of their own based on their personal followings in parliament.

## Wider Spectrum

The New Democracy party that Mr. Caramanlis set up in 1974 mainly covered a far wider spectrum than the National Radical Union that he led from 1956 to 1963, and that before was known as the Greek ally. It is doubtful whether any ordinary politician could hold it together for long.

And, anyway, there is no deputy leader. There are only three heirs apparent—National Defense Minister Evangelos Averoff, Coordination Minister Panayotis Papaligouras and Minister to the Presidency of the Government George Rallis—with President of Parliament Constantine Papaconstantinou a possible compromise choice if none of the three could prevent a splintering of the party.

The political distance between Mr. Averoff and Mr. Papaligouras is that between the traditional right and the new form of moderate conservatism that is not really all that far away from the

ground now occupied by the center forces of George Mavros.

Mr. Caramanlis is also open to criticism for his failure to bring forward new, young politicians, by giving them an opportunity to achieve public prominence through tenancy of a powerful ministry. All four men considered as suitors for the succession are veteran politicians, considerably older than Mr. Caramanlis was when the late King Paul picked him, over the heads of senior party officials, to take over as premier on the death of Field Marshal Papagos in 1966.

The position in the opposition is much the same, both as regards parties of principle and new politicians. The old centrist alignment that swept to victory in 1964 is now hopelessly split between the Union of the Dem-

ocratic Center of veteran Mr. Mavros and the Panhellenic Socialist Union of Andreas Papandreu, the son but not really the political heir of the late George Papandreu. Neither believes he could win an election alone, so long as Mr. Caramanlis is on stage, but neither can face the prospect of cooperation with the other.

## Spoils to the Victor

On the far left are two rival Communist parties, one loyal to Moscow and the other the local representative of Eurocommunism, competing for a block of votes assessed at somewhere between 10 and 15 per cent of the electorate in normal circumstances. Both must be extremely doubtful whether the army would find even their representation in

a coalition government tolerable. An electoral law passed by parliament this year, based on the principle of spoils to the victor, should insure an indefinite period of right-wing government for as long as the right can retain its unity and the opposition continues to be fragmented.

But Mr. Caramanlis is now 70, and facing a difficult choice: whether to continue as leader of his New Democracy, or to take over the presidency of the Republic from its present occupant, loyalist Constantine Tsatsos.

The Constitution gives the president far more power than is wielded by Constantine Tsatsos, and as president Mr. Caramanlis would be in a position to exercise regulatory authority, as well as his great personal influence, during the difficult period when the

New Democracy was struggling to preserve its unity without him, and the even more difficult period that would follow if it failed.

The general belief is that Mr. Caramanlis will fight one more election, which under the Constitution must come before November 1978, and then move up to the presidency. But this supposes confidence in victory, since presidents are elected by parliament. If he saw trouble ahead for the New Democracy even under his leadership—something not in sight at the moment—he could move up sooner.

In any event, head of state would be a more fittingly Gaulist conclusion to the Premier's more than 40 years of political activity than battling on with a small majority, or struggling to

hold a coalition together, and the expectation is that he will take the plunge at some moment.

But the single most divisive issue in Greek politics is certainly the question of "katharisi"—purge.

While the center and left insist that there has been far too limited a purge of those who served the dictatorship, at least a part of the right believes it has already gone too far. There are indications of conflicting currents on this issue even within the government itself.

Defense Minister Averoff, for example, readily admits that there are still "droplets" in the army officer corps nostalgic for the dictatorship. In a speech to parliament he offered an estimate that "99 per cent" of the officers are loyal to democracy.

To the opposition, the reason given for failing to carry out a wholesale purge in 1974—that the army could not be disrupted at a time of foreign threat—scarcely covers refusal to retire the surviving "droplets."

In the judiciary, the recent appointment to the Supreme Court of three judges who, during the dictatorship, had been conscripted to serve as presidents of special courts-martial, brought opposition complaints.

Responding, Justice Minister Constantine Stefanakis took the line that conscription to serve the dictatorship should not become an argument against promotion, and that what mattered was the way the three judges had carried out their duties.

Those who had been sentenced by the courts-martial over which

the three judges presided, uniform, were not altogether convinced.

The argument also extends to the police. If the police had been properly purged, it is maintained, several officers would now be facing trial on charges of dereliction of duty for failing to prevent incidents at the funeral of a murdered colleague, Evangelos Mallios, who had been one of the junta's most feared torturers.

At the same time, the unpopularity, relieved of the indignity of having to defend a despotic regime, has now recovered morale. Under current Anti Police Chief George Angelopoulos it is visibly becoming a more of the old-style European in courteous, efficient and true.

The government line on "katharisi" is that those who shed excess of zeal in serving the junta should be and have been removed from the state machinery, including the upper reaches of the educational system, by those who simply did their duty and kept quiet should not be penalized. Though any policy would seem to imply necessity to dismantle the machinery, to a section of opposition it is still a kind of treatment designed to press the right-wing state.

There are voices on the right of the government for being more ready to "forget past," especially at a moment when the country is facing great reorganizational effort involved in entry to the Common Market. This tendency, though a centrifugal one for the democracy should Mr. Caramanlis cease to be its leader, sees its culmination with calls for amnesty of all jailed junta members from Papadopoulos and Ioannidis downwards. Spain and Portugal is pointed out in this text, shuffled off far longer periods of military rule without putting anyone on trial.

Two conclusions may be drawn. Mr. Caramanlis is the man that holds the right together in its present form, and although at the latest some political parties had registered themselves with the courts in the process the bridge between Europe and the Balkans and Middle East.

## Foreign Relations Are Based on Two Main Issues

(Continued From Page 1.)  
the island's two communities, under UN auspices, have failed to indicate the slightest Turkish-Cypriot willingness to negotiate a settlement within the terms of UN resolutions adopted after the invasion, ending the present de facto partition of the island and providing for the refugees.

In these circumstances, no Greek government could make withdrawals in the Aegean. There is no tendency here to agree with assessments outside this country that the death of Archbishop Makarios will ease the way to a Cyprus settlement. On the one hand, such an assessment supposes a pliability on the part of the island's new leadership that would immediately be construed as a betrayal of the archbishop's "inheritance," with probably disastrous effects on the unity of the Greek Cypriots. At the same time, it would imply a tacit admission that only Archbishop Makarios had the international stature to pursue a "just" solution—and that is an admission that no Cypriot politician can afford to make.

However, there are two factors still to be clarified: whether the Turkish Cypriots will find it easier to be more compromising with the island's new adminis-

tration, and the effect of the undoubted increase in the influence of Athens over Cypriot affairs now that the archbishop has left the stage.

Much of the deep Athens frustration centers on the absence of a strong Turkish government with which to hold realistic negotiations. This explains the disappointment here over the outcome of the June elections in Turkey.

The frustration also goes some way towards accounting for the uproar over the Sohaufels case. All that William E. Sohaufels said, in testimony to a Senate committee during the procedure for confirmation of his appointment as U.S. ambassador to Athens, was that in his opinion the Aegean dispute stemmed from the geographical configuration of the area and "unusual settlements" made in the past.

To the Greeks, this was tantamount to questioning the international treaties determining its present borders with Turkey, by land and in the Aegean. It was taken in particular to refer to the islands off the coast of Turkey, which include such large and populous ones as Chios, Samos, Mytilene and the Dodecanese chain.

There has long been a current of opinion in Turkey, which the

Greeks identify as symptomatic of an expansionist desire to recreate the old Ottoman Empire, that these islands ought to be incorporated into the Turkish state.

Quite clearly, this could only be done by invasion and war. The Turkish creation of an army of the Aegean, equipped with hundreds of landing craft, and the Greek military buildup on the islands, technically in breach of international treaty obligations but patently prompted by considerations of defense, reflect a tacit acknowledgment that the islands would be in the storm center of an eventual Greek-Turkish war.

So a statement open even to the interpretation that Greece's right to the islands could be called in question was bound to provoke a storm in Athens.

The further inference was drawn that, if the ambassador-designate was not speaking out of ignorance, he must have been lifting the corner of a veil concealing a switch towards Turkey by the U.S. State Department.

For early excitement over the election of President Carter has been followed by renewed distrust of permanent U.S. aims in the area. If détente is to be a casualty of the human rights issue, this, it is presumed, would

enhance the importance attached by the United States to maintenance of NATO effectiveness. And since the Greeks have committed themselves to staying outside the NATO military wing until the circumstances that forced their withdrawal—namely the effects of the Turkish invasion of Cyprus—cease to exist, events, it is thought, could be working in Turkey's favor in Washington.

## "Special Relationship"

Athens is trying to negotiate a French-style "special relationship" with NATO, by which its troops would be under national command in time of general peace but fight as part of NATO in the event of an East-West war. Though it is denied here that this has been blocked by Turkey, it certainly has not yet been accepted by the alliance.

The fact that it has now been possible to bring to a successful conclusion the negotiations here and in Washington on the future status of American military bases in Greece, with the initialing of the U.S.-Greek defense agreement, has angered the left with closer relations with the Arab states. Greece's exports to the OPEC nations have been increasing more rapidly than its trade with any other part of the world,

including the EEC. While its traditionally good relations with the Arab world are added to some extent by its freedom from a colonial past, there has been no real widening of the scope of these relations along the lines sought by Athens.

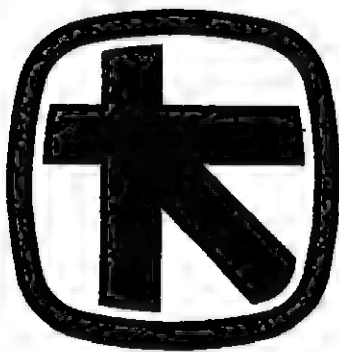
So the Greeks pursue a foreign policy that is immaculately based and yet somehow constricted. Though they insist that their desire to become part of the community of Western European nations does not affect their relationship with the United States, and Washington has welcomed the Greek application for EEC accession, lies with the United States today are by no means what they used to be.

The extreme right Athens daily Eleftheros Kosmos, arguing that a country with the geographical strategic importance of Greece cannot afford an independent foreign policy, wants Greece to become "America's Bulgaria."

The left preaches non-alignment. The government and major opposition see the country's future as lying within "the West" and the EEC and, on this basis, offering friendship to all nations willing to reciprocate—becoming in the process the bridge between Europe and the Balkans and Middle East.

So too, for reasons connected partly with religious considerations—Turkey is an Islamic country—would its pursuit of closer relations with the Arab states. Greece's exports to the OPEC nations have been increasing more rapidly than its trade with any other part of the world,

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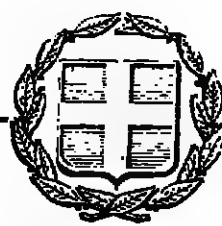
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# Athens: Obligations Are a Two-Way Street Under EEC Pact

(Continued From Page 1)

that Greece must join in process of integration of Europe.

Caramanlis himself has expectations of the EEC: integration with the united Europe is a grand policy which change the destiny of our country; it will contribute to the development of our country; it will contribute to the strengthening of our democracy and, above all, it will strengthen the country's position against external dangers.

in EEC, Ioannis Pemaszoglou, president of the Greek-EEC Parliamentary Committee and leader of Greece's Treaty of Accession to the EEC, agrees with all of these arguments. Like Caramanlis, he opposes any being put in the way of Greece's accession to the EEC. Greece and Turkey are in a similar position over both Lebanon and Cyprus, but Mr. Pemaszoglou says "a prospering country is a good neighbor" and extension of the EEC to the Mediterranean means "a strengthening peace and co-operation." He would like to see, too, inside the commu-

## Democracy

to EEC membership being held to democratic institutions. Mr. Pemaszoglou welcomes the move in Brussels towards a "new Europe" and a "new era" of a commitment to democratic principles. Though the institutions are weak, he says, "the dangers of a new Europe are more than the dangers of a new era." To the extent that our forces and institutions are woven with those of Europe, any drift away from these institutions becomes difficult.

Mr. Pemaszoglou stresses in most other matters with the EEC, EDC is in disagreement with the EEC. Caramanlis's party, Democracy, "they look at the free enterprise system as a far larger issue than we see it as a means of accelerating change towards democracy. We expect very fast changes within the system. We will have to advance in social, political and economic change to adapt to and to the EEC. And we will permanent negotiation the EEC to adjust to the changes in the EEC." as the importance of the EEC, Pemaszoglou would like the conduct of negotiations and the preparation for the EEC as a far larger issue than we see it as a means of accelerating change towards democracy.

strongly criticizes the government for not standing up for Greece under the terms of Association; for not using the terms for accession; for not emphasizing its desire for earliest accession possible; for failing to mobilize and with the groups of

society, such as farmers, who are directly interested.

## Criticisms

He also argues that the necessary administrative changes have not been set in motion and says that "ringing up President Giscard d'Estaing whenever there is a problem in Brussels cannot be a tactic of permanent validity."

The leader of the Socialist party PASOK, Andreas Papandreu, shares some of these criticisms of Mr. Caramanlis's tactics but starts from a basic rejection of any suggestion that Greece should enter the EEC. "Greece is a peripheral country of capitalism, living on the margin like Spain and Portugal. When the weak join the strong, the weak lose. The big monopolies, the multinational corporations will direct our lives. I do not say that it will not increase our per-capita income. But the income difference between Greece and the EEC will increase. It is a law of economics that when tariff walls disappear it sharpens

the polarization. As for social matters, the EEC treats a conservative prime minister as if he were the symbol of democracy. They are adopting two standards, one for us and one for them. The Belgian Prime Minister, Mr. Tindemans, talked of a Europe evolving at two speeds, with the South evolving more slowly. It is almost inevitable historically. Look at the Mediterranean. Has the EEC prevented, despite all its efforts, the continuation of two Italies?"

Socialists inside the EEC argue that through capital and labor movements Southern Europe is already profoundly dependent on the EEC. They argue that it is hollow to talk of protecting democracy in Southern Europe when the political structures of Greece and Spain developed from dictatorships which crumbled rather than were overthrown.

## Bitter Debate

Mr. Papandreu says that if he were to be elected to power—not

an immediate prospect—he would change the status of Greek-EEC relations. He would like to see an agreement with the EEC which has no connection with Associate Membership but which relates to groups of products, which would have strict investment terms and which would allow Athens to intervene to control the movement of commodities and capital. Where workers are concerned he hopes that it will be possible to provide the jobs and conditions allowing them to stay but says he would not police them.

However bitter the debate may become, for the foreseeable future Greece is committed to continuing the process of negotiations. There has been a change of atmosphere in certain areas of the administration. The EEC departments in the ministries are beginning to function and, helped by trips abroad, are able to grasp the enormity of the changes which have to be made in Greek structures which have remained virtually unchanged since the civil war of the 1940s. For these departments to make other

branches of the administration respond has been a difficult task.

Greece's negotiator with the EEC, Ambassador Byron Theodoropoulos, the secretary-general of the Foreign Ministry, warns that various illusions have sprung up. The first illusion, he says, is to solve all of Greece's economic problems and another is that it will be smooth riding until accession. He adds that there are likely to be several "bumps" during the negotiations, with the main one being over agriculture. He contrasts the east-west protection mechanisms the EEC has built up for livestock, dairy products, cereals and sugar with the weaker protection for Mediterranean products imports of which, in his view, will be a boon for the European consumer.

He rejects the argument advanced by, among others, Mr. Papandreu, that Greece could have gained by forming a common negotiating front with Spain and Portugal. "The three cases have little in common and the problems over a few products

such as peaches, wine and tomato paste are marginal in quantitative terms. Unlike Portugal and Spain, we already have an Association Agreement. Also unlike them, we are well advanced towards tariff abolition, with this to be completed by 1984."

He insists that Greece will not pay any price for entry as there are political prices which no government can afford and goes on

to say that "Mr. Caramanlis is not prepared to pay a very high price and risk his European policy."

As for the question of speed weakening Greece's negotiating position, he says, "My brief does not order me to make sacrifices to obtain quick results. From the beginning we did not want to introduce a sense of Oriental bargaining. It may be a method

when you buy a carpet but it is not always best in serious negotiations. We have not started from realistic proposals, though these have not been accepted in their entirety." However, speed is in the minds of the Greek government. And the hope is to draft a treaty by the end of 1978 and to have it ratified and applied by Jan. 1, 1980.

# Brussels: The Nine Are Not Ready for Expansion

(Continued From Page 1)

acquis communautaire, and that Greek and community interests must be balanced in all sectoral solutions, that the integration process after accession must be progressive and finally that the negotiations must be approached globally and cannot be approached sectorally. The Nine did not put forward any forecasts as to when negotiations might end or when Greece might be able to join the EEC.

Similarly, the EEC has reserved its position on the duration and nature of the transitional period.

The Greeks have proposed five years and the community will not accept more than that in order not to put countries like Ireland at a comparative disadvantage, but the exact details still have to be worked out. On the other hand, the community is not prepared to involve Greece in any changes it may make in legislation on Mediterranean products between now and accession. At best it will agree to consult the Greeks, say EEC officials.

The main question for Greece is no less than the existing community members—is it the consolidation and further enlargement of the community are incompatible. Is the community nearing the end of the road begun at Messina and heading for a glorified EFTA or will the applications of three of four Mediterranean countries instead force existing members to face up to the awkward choices evaded in recent years? What is absolutely clear from studies is that vastly more money will be needed as well as colossal reorganization.

If not, enlargement would very easily be a self-defeating exercise.

## The Fear

The fear is that no essential bolstering of the EEC institutions is possible before enlargement is an established fact. By the middle of the next decade, Brussels will probably have become the head-

quarters of another EFTA, although with a few political trimmings such as direct elections.

Chief interest in the forthcoming negotiations will, of course, center on the EEC's Common Agricultural Policy (CAP). The EEC considers that in general the market organizations of the CAP should be adopted by Greece immediately on accession and that the transitional period of adjustment should provide for the gradual alignment of Greek agricultural prices with those prevailing in the rest of the EEC. The Greek negotiating team has, in fact, already stated that for many products Greece is in a position to accept both the market organization and the common price machinery of the CAP, without the need for a transitional period. These include fruit and vegetables (both fresh and processed), cereals, rice, wines, olive oil, tobacco, sugar, poultry, meat, hops, flax and hemp.

For certain other products such as beef, pork and dairy produce Greece has requested that a five-year transitional period should be allowed for the adoption of the community regulations on the operation and organization of the market, as well as prices. In addition, adjustment periods of less than five years were being asked for seeds, flowers, plants and eggs.

Besides agriculture, the EEC's fundamental principles of free capital movement and also the freedom of establishment will be contentious issues in the negotiations.

The Greek negotiating team, while expressing Greece's readiness to accept the EEC provisions relating to capital movements, has asked for a five-year transitional period to cushion the effects of this in certain areas. Specifically, Greece would like to retain control over direct investment by Greek residents in other member countries for five years, to prevent an imbalance between capital inflows and outflows. Similarly, it is proposed that investment in property and secu-

rities continue to be controlled over the same period. Restrictions on the movement of profits and dividends will be completely lifted. However, in the case of local branches and subsidiary companies of multinationals, an adjustment period is again being sought. Greece also seeks to limit the amount of foreign currency allowed to tourists.

For residents of other EEC countries who have directly invested in Greece, meanwhile, the intention is to retain the present provisions concerning repatriation of profits until the expiration of their term. As regards freedom of establishment, the Greeks point out that their law does not discriminate between nationals and aliens as much as the laws of other countries. Only minor transitional arrangements are needed in order to adjust to EEC requirements. Thus freedom of entry and residence will be immediately accepted on accession. Discrimination on the grounds of nationality in many professions, including medicine and law, will be abolished. In addition, certain restrictions on the percentage of shares which can be held by foreign nationals in insurance companies will be removed.

## The Issue

A recent Federal Trust paper, published in London, which examined the problems of the Common Market's further enlargement sums up the issue so far as Greece is concerned in the following terms:

"Reactions to such a shifting of the community balance towards the South and the Mediterranean may be mixed. The Mediterranean members (Italy and France) may be glad to have attention focused more on this area and its problems, some of which they share. They are themselves, however, most exposed to increased competition in Mediterranean products and competition for aid. The northerners may escape this latter danger but may be concerned at the shift

away from their area of prime interest and at the probability that they will be called upon for more support for less developed fellow members. On the other hand, once Greece accedes, the views of Greek political leaders might add weight to the integrationist lobby in the community, and particularly in the European Parliament."

This report also suggests that there is an element of irrelevance in the often heard concern between, on the one hand, deepening the community and, on the other, enlarging it. It concludes that the risks involved in postponing enlargement will be so dangerous that they cannot be contemplated. And it goes on to say that perhaps, after all, enlargement may not create any completely new problems for the Common Market—but that Greek membership may merely intensify some of the existing difficulties.

Enlargement could provide the incentive for a radical reappraisal of policies and goals for which there have been increasing calls in recent years, and which have frequently been ducked by member governments. New responsibilities which will have important implications which will have to be accepted.

An enlarged community may find it even less easy to agree on common action and so feel obliged to limit still further the areas in which common action may be considered. In such a way the community could gradually become transformed from a potential European Union into a looser grouping of European states.

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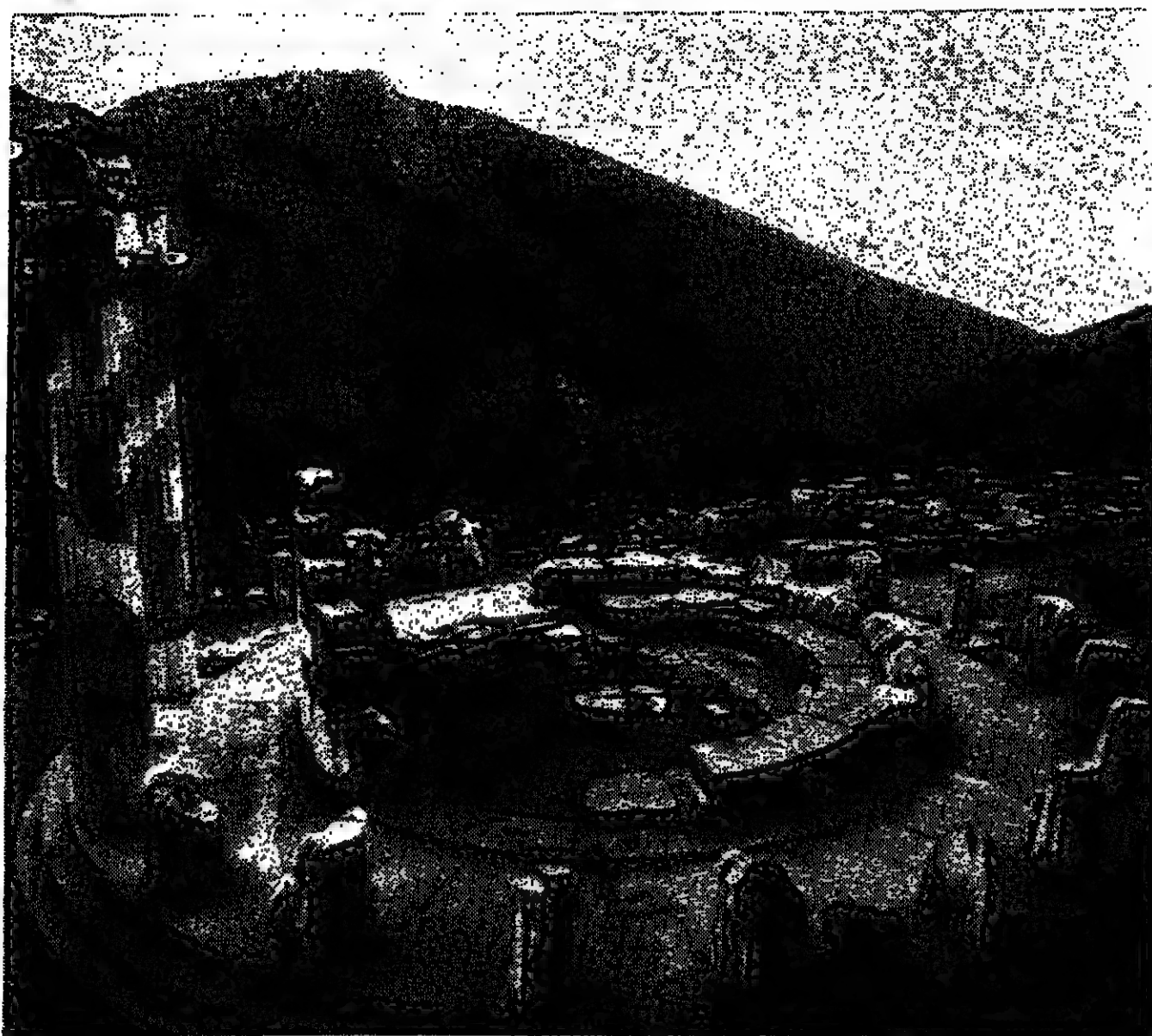
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## Economy: Planning Needed Despite Growth

(Continued From Page 1.)

the moderate Union of Democratic Center party, admits, though wage increases in the past three years have not kept up with price index leaps the firm stand taken by urban workers has substantially improved their lot.

The government often terms such union activity as "extremely irresponsible" under the economic circumstances. Its anxieties stem mainly from the fear of a resurgence of inflation. This averaged 18 per cent between 1973 and 1976 and was higher than in most European countries but is now much lower than the levels reached during the dictatorship, especially in 1973. This year consumer prices are expected to rise 13 per cent.

In order to tackle what Mr. Papaligouras terms "senseless extravagant spending" the Finance Ministry imposed a form of luxury tax which covers goods from imported luxury cars to exotic foods and entertainment centers with wealthy clientele. The object of this measure was to limit private spending and channel it to more productive targets.

Yet the additional tax and duty burdens, which usually cover a limited time span, often have another objective as well: to cut down imports which cost the Greek economy dearly in much-needed foreign exchange. In the past, Greek governments achieved this by imposing import duties. But today such a decision would be unacceptable at a time when Greece wants to become an EEC member "as soon as possible out not to the detriment of its present members," as Minister Papaligouras said upon his latest return from Common Market negotiations in Brussels.

### Balance of Payments

According to Bank of Greece statistics and the OECD report, the balance of payments developments "were more favorable than expected in 1976" and prospects for this year were also considered good.

This development is encouraging despite two basic negative factors: on the one hand the perennially painful trade deficit, and on the other the unequal increase of the various invisible earnings—tourism, shipping and

**Hoping to increase the rate of growth and to prepare the economy for entry to the EEC, the government believes that industry must 'rationalize' through such measures as mergers so as to be able to stand up to European competition.**

emigrants' remittances. The balance of trade deficit reached \$3.3 billion in 1976 compared to \$3.05 billion the year before, and this because imports reached \$5.5 billion compared to \$2.2 billion in exports. The latter increase was due mainly to the new Arab markets. Many observers predict that this deficit will worsen with the eventual total abolition of the clearing system currently employed with the Eastern European countries.

Although foreign exchange income from tourism increased 30 per cent over 1975 to reach \$24 million last year, the international shipping crisis brought this vital Greek sector only \$914 million (\$845 million in 1975). More static, however, were the receipts from the Greek emigrants, who are in increasing numbers returning home. They totaled \$303 million in 1976, compared to \$783 million in 1975. If these figures drop or remain static, then experts believe the government should seek new sources of foreign currency.

With entry to the EEC Greece hopes to improve its trade exchanges with the community which already cover almost half of Greece's total trade. Ranking government officials express the certainty that there will be benefits in many economic domains. They hope for an increase in private investments, the slack level of which has long been a major government concern.

The recent OECD report talks of the hesitance of investors and says that private fixed investment in 1976, though 6 per cent higher in volume than in 1975, was still one-fifth below its all-time peak of 1973. Mr. Papaligouras, who is in overall charge of the economic sector, argues that industrialists should invest a large part of their

nuge profits rather than deposit them in unproductive current accounts or keep them as company reserves.

For their part the industrialists have reservations. In the Administrative Council of the Union of Industrialists there is frequent talk of the "social malaise" of the Caramanlis government. Such talk is clearly exaggerated, by Western European standards, but refers to the way that in the past two years various activities have come under state control. In some cases the state bought control of activities which are normally under state control in most of Europe—the capital's subway system, the national airline (Olympic Airways) and town bus lines. In another case, that of the Aspropyrgos refinery of shipowner Stavros Niarchos, it reached an agreed price.

### State Control

However, some business circles were disturbed by the way the state, responding to irregularities during the junta period, took control of the Andreadis business empire. It did so by passing a law which doubled the state capital of the Commercial Bank, the cornerstone of the interests of Stratis Andreadis, and which required state-controlled funds to buy up the capital increment.

Also disturbing to these businessmen was the state's declared readiness to move into sectors in which private initiative was lagging. The state's efforts in this direction in itself becoming a "businessman" have mainly been carried out through the National Bank of Greece. This is controlled by the state. It is responsible for 85 per cent of the credits and loans given by Greek commercial banks to private com-

panies, according to a report by the Currency Committee. Both the governor of the central bank and the Bank of Greece, and the minister of coordination are members of this committee.

Through such loans the National Bank of Greece recently took control of a large paper mill and various other smaller units. There is also a state investment consortium, ELEVME.

The industrialists have been pressing for more loans but the government has been arguing that an increase in credits would increase inflationary pressure.

### 'Rationalization'

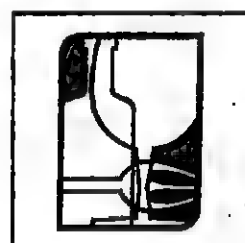
Hoping to increase the rate of growth and to prepare the economy for entry to the EEC, the government believes that industry must "rationalize" through such measures as mergers so as to be able to stand up to European competition. The government forecasts that this competition will be stiff and that many multinational corporations will have in Greece around the time accession to the community, a proof of such interest West German Foreign Minister Hans-Dietrich Genscher raised the mark of obstacles to investment during his visit to Greece last month. The Greek government orders the establishment of a special service to help foreign investors.

While the government faces a "mini-war" with businessmen who used to be the spoil children of regimes of the past, including the dictatorship, who ask more than the economy can afford, a new front has opened up. Demands from workers are on the rise. Those dismissed by the government as "illogical," this year there have been numerous pay claims at strikes against the government policy of wage austerity.

With at most fourteen months until the next elections it is inevitable that politics should influence economic decisions. Today's government, which has done much to restore economic stability but less to restructure the economy for accession to EEC, has a hard task. And the talks with the EEC in their final phase, the question restructuring becomes the crucial as does the need for preparation for accession, of which the first signs are now becoming evident.

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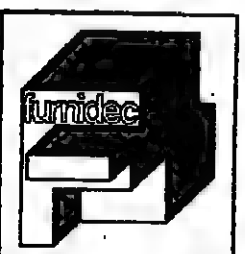
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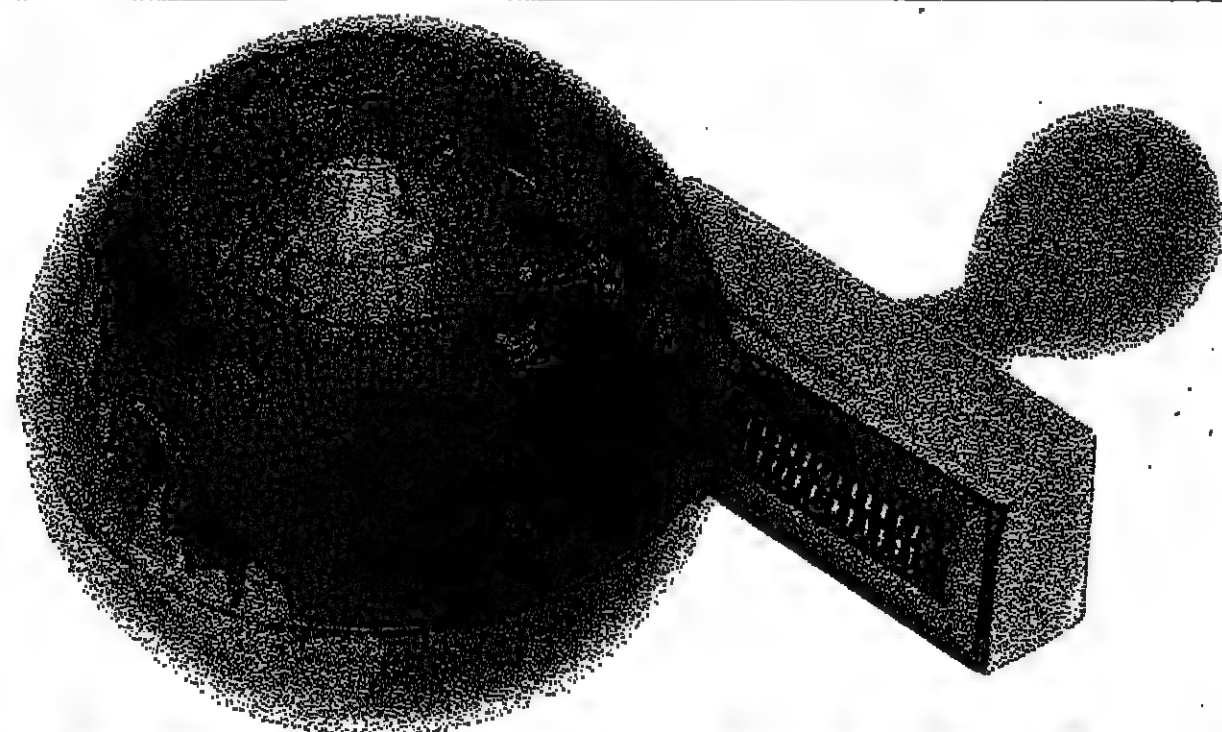


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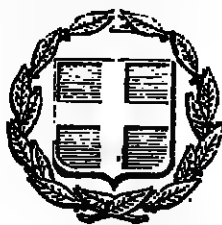
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## Banking Sector Is Broadly Compatible With EEC

ATHENS (IHT).—One year ago the Greek authorities were to ensure that Athens did become the "New Beirut"—a haven of privilege for foreign banks and companies fleeing from Lebanese civil war. Today fears seem particularly out of place to those who have been through the plethora of nations covering the Greek banking sector and analyzing the state of entry to the

community policy in this sector at a relatively early stage. In 1975 the EEC Commission set up a detailed draft directive covering the licensing and control of banks. Minimal objections to this led to its replacement in September by an "umbrella directive" articles, dealing with less universal matters such as the situation of a bank.

Leading Greek investment banks argue that this situation allows them to change until the end of the year. They have set out details of "the new order." He argues that "United States is pressing Germany and Japan to play an active role in stimulating economic activity. This is bound to a new system being imposed on smaller countries. The will have to accept new arrangements for oil and raw materials."

When banking is concerned, American and European banks working towards defining their relationships. We in Greece must have to fit in with what is said."

### No Major Changes

Angelos Angelopoulos, governor of the National Bank of Greece, the country's largest commercial bank, argues that there are no major changes for the banking system or its structure as a result of accession. "We are already 13 foreign banks here. Their competition at produced bad results but contributed to the modernization of Greek banks and has led us to improve our present structure of Greek banking is characterized by the role played by the National Bank of Greece and, by the state. This May National Bank of Greece set for 56 per cent of deposits and 57 per cent of advances commercial banking sector. Major shareholders are shareholders represented at shareholders' meetings by the Minister of Finance. Through the Minister of Finance, the state appoints the bank's directors, considerable freedom of within the general limits set by the Bank of Greece. Early controlled by the state and six other commercial banks meaning the state controls four-fifths of commercial activity. This share controlled by the state has risen during the past.

In September, 1976, the parliament passed a law on the capital of the two banks in the group of 1 Andreadis and ordered institutions to buy the capital.

Andreadis was quick to the move as proof of a "socialism" by the state government, but most as leaders had little sympathy. His business activities the colonels' period and then Deputy Governor of

*The absence of binding regulations in the banking sector means that for the time being Greek officials—though not the EEC Commission—see the main implications of entry as being the need to apply the community principles of freedom of establishment and freedom of capital movement.*

the Bank of Greece, Nikolaos Kyriazidis, to cite with approval the phrase "the unacceptable face of capitalism" coined by the former British Conservative prime minister, Edward Heath.

### Accusations

State investigators who went over Mr. Andreadis's books found that he had exceeded the credit limits where advances to his own companies were concerned: his empire included a major shipyard, a fertilizer plant, the Athens Hilton and the Athens Underground. He was also accused of transferring shares in his companies abroad, the Minister of Coordination, Panayotis Papaligouras, told parliament.

Criminal charges against Mr. Andreadis have been partially dismissed, though some minor charges have yet to be finally judged as do charges that he infringed the regulations of the Currency Committee. But the parliament voted, unanimously for once, that the state should take over control of the four banks concerned: of these the main one is the Commercial Bank. Mr. Andreadis is contesting the constitutionality of the law.

The Greek private banks, headed by the Credit Bank, account for only six per cent of commercial banking activity. More important is the increasing role played by the foreign banks, and in particular Citibank and the Bank of America. Between them the foreign banks accounted this May for 13 per cent of the deposits with the Greek commercial banking system and 16 per cent of the advances.

Besides these, special credit institutions such as the Bank of Greece, Agricultural Bank and Post Office Savings Fund play a considerable role, their deposits equivalent to almost one-third of those with the commercial banking system and their advances equal to those made by the commercial banks. Where the foreign banks are concerned, one senior official at the Bank of Greece says, "We do not want them to penetrate the system. We would rather they stay in the wholesale end of the market and leave the retail business to Greek banks." The official argues that in practice this is what may happen. Foreign banks here have so far restricted their activities to Athens, Piraeus and Salonika.

### A Report

The official also suggests that returns are low and Citibank is mainly profitable because it subscribes in its Athens accounts certain business done on the Eurodollar market.

An official report prepared for the government by a group investigating Greek banking during the preparation of the five-year plan argues that foreign banks can be useful since they help connect Greece to the international capital market and help provide company finance. The report is reluctant to see the foreign banks expand their

branches since if they increase their deposits from Greek sources they will bring in fewer funds from abroad. But the report says the foreign banks will have to be brought under the same regime as Greek banks, in particular where making compulsory deposits with the Bank of Greece is concerned. Bank employees' unions have been increasingly effective.

At present the commercial banks are called on to play three crucial roles: to meet the short-term financial requirements of the private sector outside agriculture; to provide the bulk of medium and long-term finance for private sector investment, and to supply a proportion of the borrowing requirements of the government. They are also used by the government as a means of channeling funds to desired ends and, through various controls, to influence money supply.

The government's report finds that the banking system is broadly compatible with banking systems in Western Europe. It argues that bank operating costs are similar to those in the EEC and that, as in the community, Greek banks are "mixed banks," dealing both with personal loans and industrial finance. But the study states that their services are at a lower level than those abroad; that they need to develop their relations with the international money markets and the Euro market; that they suffer from bureaucracy and more competition is necessary, and that policies aimed at channeling credit to certain sectors have proved ineffective.

### Monetary Measures

Commenting on the annual report of the Governor of the Bank of Greece, Prof. Xenophon Zolotas, the financial weekly Oikonomikos Tachidromos claims that the report shows that the "archaic system" of Greek banking has defeated the monetary measures taken by the government last winter. These measures were aimed at restricting the growth of money supply, yet in 1976 this rose 31.4 per cent, only just below the 32.8-per-cent increase recorded in 1975. The weekly criticized the banking system for concentrating mainly on seeking fresh deposits and short-term "easy loans" rather than providing the longer-term finance required to give investments a boost.

At the end of 1976, two-thirds of the 45 billion advanced by the banking system to manufacturing and mining was short and medium-term finance. As of Jan. 1 this year the ceilings on the share of credits to be allocated to each sector were abolished. Now the government hopes that the interest-equalization system it has will encourage the sectors it prefers—importers borrow at 13.5 per cent and farmers at 7 per cent, though the equalization system means the bank receives the same. But last year import credit rose by 79 per cent. Officials agree that the system

—similar to that used in France until 1968—is not working.

To help with industrial credit the government has tried to encourage the National Investment Bank for Industrial Development (NIEVA), the Hellenic Industrial and Mining Investment Company (HELMIME) and the Hellenic Industrial Development Bank (HIDBA). NIEVA, which raised \$40 million on the U.S. market in August, has concentrated its activities in Athens rather than in developing industry outside the already-crowded capital.

### Consortium

HELMIME, which is a consortium of the National Bank of Greece, NIEVA, HELME and the Mortgage Bank, has now obtained approval for its first three projects. These are a petrochemical complex, a ferrochrome plant and exploiting the salt-pans at Mesolonghi, where Lord Byron died.

NIEVA has also just announced that it is undertaking various new projects—including an electronics factory, an antibiotic plant and a factory to make ammonia from naphtha. Its loan program for 1977 totaled \$94 million, with this divided between industry (58 per cent), tourism (20 per cent), shipping (20 per cent) and others. It also has a \$33-million allocation for participation in the share capital of new or existing firms.

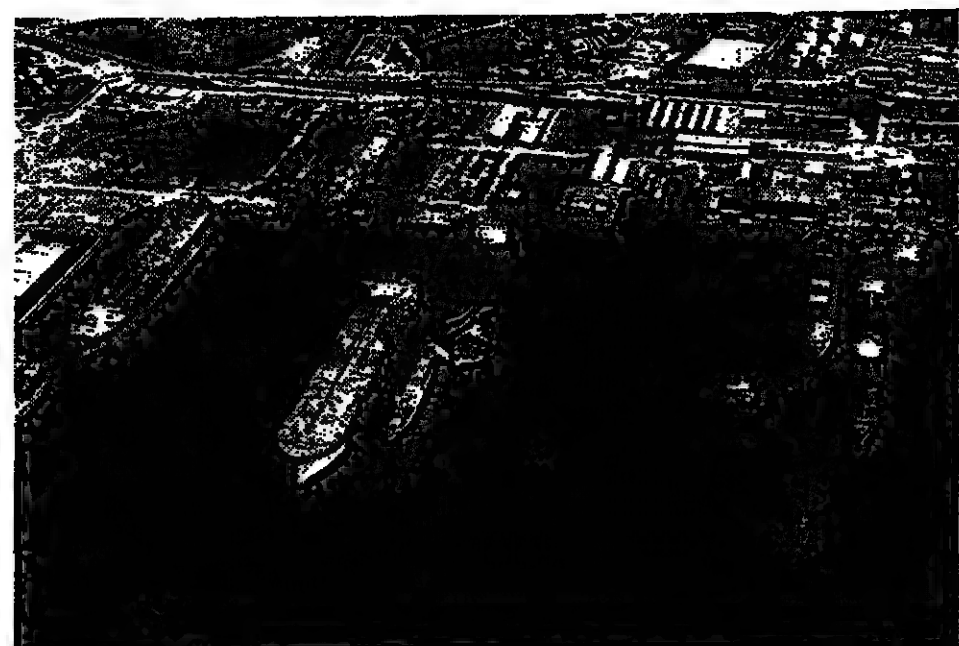
Under its new governor, George Spetsias, NIEVA has been reorganized and revitalized. Established in 1964, by the end of 1976 it had share participations in companies valued at 6.3 billion drachmas (\$170 million) and loans outstanding of 22.4 billion drachmas (\$614 million). A total of 45 per cent of the loans had been given for industry, 33 per cent for tourism and 19 per cent for shipping. It had also invested \$18 million in various industrial zones, in particular Salonika, Patras and Volos. It is largely run according to the same principles as the commercial banks, and small industry finds NIEVA lending an unenthusiastic ear. One of the lacunas of the Greek banking system is that despite the importance of small firms there are no large institutions concentrating on providing them with finance or specialist services.

Prof. Angelopoulos says that the National Bank of Greece is helping as much as possible to provide finance for mergers. As it is, the local capital market remains weak. The family nature of most Greek business has long impeded attempts to develop the stock exchange. One private banker comments, "Each government talks of developing the capital market but then takes measures which achieve diametrically the opposite result."

### Deposits

The absence of a functioning bond or treasury bill market means that the government needs a large part of its borrowing requirements by obliging banks to buy government bills or make deposits with the Bank of Greece. This not only gives the Bank of Greece an ever greater role

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The second in size company of the group, the SILVERAND BARYTE ORES MINING Co., mines and processes perite, bentonite, baryte and kaolin in Milos and other Aegean Sea islands.

GYPSUM PELLAS S.A. produces and processes gypsum and relative products in Crete, and the NORTHERN GREECE GYPSUM S.A. has mining concessions in Macedonia, No. Greece.

The BAUXITES PARNASSOS MINING Co. plans the starting of construction of the new alumina production plant at the Kamotissa site on the Corinthian Gulf, with a capacity of 1.2 million tons per annum and a total investment of \$340 million.

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## A 'Dowry' of Minerals for the Common Market

**ATHENS (IHT).—**"The dowry which less-developed Greece will present upon its marriage to the Common Market," is how Michael Scallitri, president of one of the three mining groups which dominate the sector, describes the country's mineral wealth.

The dowry is an important one. Minerals, mineral products and metals earned for Greece over \$280 million in 1976. Together with exports of cement, worth \$91 million, they provided nearly 15 per cent of Greece's total exports last year. The sector accounts for 5 per cent of the country's GNP.

Proven reserves of bauxite of 500 million tons allow Greece to speak on equal terms with the world's major producers in the tropics. But these are only part of the reserves which, even if little known and less explored, cause the governor of the Bank of Greece, Prof. Xenophon Zolotas, to say that Greece's accession to the community will help make it self-sufficient in several important minerals.

The lame god Hephaestus, the Vulcan of the ancient Greeks, apart from being the husband of Aphrodite, was mainly known for his ironwork. Today some \$2 million worth of silver from the ancient mines of Lavrion, east of Athens, is exported each year. A minor attack of gold fever had led the Greek Ministry of Industry to announce plans to reassess the worked out galleries in the Pangeos Mountains in northern Greece. But the minerals of value to the modern world are mostly different from those treasured by the ancients.

Apart from the bauxite deposits, Greece has the biggest deposits in Western Europe of asbestos and perlite, another insulating material. Exports of magnesite and nickel are already important. Italian mining consultants say that Western Europe is "hungry" for the manganese and chromium which Greece has and that it could also become a useful supplier of copper and zinc. Canadian experts suggest that Greece may contain exploitable quantities of uranium.

### Exploitation

The governor of the National Bank of Greece, Angelos Angelopoulos, says that the government

plans to base future industrial development on the exploitation of these mineral resources. But for the present, mining is an area which is far from developed and which is marked by a shortage of plant and by numerous strikes against working conditions. It has also produced arguments over its destruction of environment, whether by open-cast mining or the pollution of coastal waters.

The original laws governing the sector were based on 19th-century Bavarian legislation and gave individuals the right to own the country's minerals. In 1976 these laws were changed and now minerals belong to the state with individuals having the right to exploit mineral deposits for 50 years, extendable to 100 years. The Socialist leader Andreas Papandreu claims that the new law, instead of abolishing private ownership of Greece's mineral wealth in practice, confirms this ownership. During the debate on the law in February he asked how it was possible to table a law when there was a "complete absence" of any planning in the sector. The five-year plan being prepared by the government is indicative rather than binding. The liberal leader, George Pavlos, stressed the danger of the sector being taken over by foreign trusts.

The new law is broadly in line with the EEC principles of freedom of establishment, though it submits foreigners to additional controls, a provision which the EEC may wish changed. Mineral licenses are issued by the Ministry of Industry while IGME, the Institute of Geological and Mineral Research, has been set up to provide specialist technical services to the state. Survey work has to be carried out within certain time limits, though it is partially financed by the state. In the ten years up to 1974 the state advanced \$3 million to the private sector and \$800 thousand to the public sector for this purpose.

### Stipulation

The stipulations, aimed at ensuring that those who license deposits should develop them, are not considered onerous by the trade—and are considered inadequate by the opposition. The opposition also criticizes the abolition of parliamentary control over new contracts.

Where bauxite is concerned, Greece has the advantage of being on the doorstep of Europe, as compared with the tropical producers. Formally, it has stayed outside the cartel arrangements developed by these producers, and its accession to the EEC will help the community in the growing North-South con-

...Western Europe is 'hungry' for the manganese and chromium which Greece has and...

it could also become a useful supplier of copper

and zinc.

frontation over raw materials such as bauxite. The Soviet Union recently proposed financing an aluminum plant in Greece similar to the one it has helped set up in Seydieshir, in Turkey. The terms offered were considered good but political reasons and a shortage of the cheap electricity necessary have contributed to the fact that the only aluminum plant in Greece remains the Aluminum de Grèce works near Delphi.

Owned mainly by Pechiney-Ugine, exports of 85,000 tons of aluminum in 1976 were worth \$79 million, with 81 per cent of this going to the EEC. The company has no present expansion plans although it is now completing a \$30-million expenditure on equipment to limit pollution, particularly from fluorine. Complaints of pollution date from the 1960s and have led to the appointment of an official governmental commission to study conditions in the plant. In 1976 Aluminum de Grèce exported 16,000 tons of alumina worth \$24 million, with all this going to the EEC. However, a large share of Greek bauxite—1.4 million tons worth \$20.9 million last year—is exported with little processing or value added, a point criticized by the opposition.

### Bauxite

The continuing rise in the price of bauxite has led scientists abroad to work on alternative extraction processes, with both laterites and alums potentially a source for future aluminum. But the Greeks are still well placed and the Pangeos-Kyriakopoulos Group has government approval for a \$200-million plant to be set up at Itea, near Delphi. The group was initially negotiating with the U.S. firm Reynolds but now has several other proposals. It has sought financing from both Chase Manhattan and ELEVME, the Hellenic Industrial and Mining Investment Company. Environmentalists have complained bitterly over the plant being located close to Delphi, home of the historic oracle.

A second product of major importance to the EEC is ferro-nickel. In the past decade Greece's one plant, the Larco Works at Larymna in central Greece, has increased its production sixfold. In terms of nickel content, production rose from 2,500 to 15,000 tons. Larco, which is part of the Bodosakis Group belonging to Greece's least visible millionaire, the 87-year-old Prodromos Athanassiadis, is now investing \$50 million as the first part of a \$164-million expansion plan. This will raise the plant's capacity to 37,000 tons within the next five years and eventually to 40,000 tons. Like Aluminum de Grèce, Larco receives electricity at prices heavily subsidized by the state.

In 1972 the Canadian mine strike saved Larco from disaster and this year a long strike at its own mine gave it time to improve its ore-enriching process and to sell off stocks which had built up at favorable world rates. It expects to earn \$130 million from exports this year. After years of complaints by villagers of the pollution from the plant, some more effective pollution controls are, the company claims, being introduced.

### Magnesite

A further product of value to Greece, it also involving the question of pollution, is magnesite. Between 1965 and 1975 exports rose 11 times in value to reach a total of \$78.8 million, although they slipped back to \$62.3 million last year. Two-thirds of these are to the EEC. Most is exported as deadburned magnesite, though the Scallitri Group, the major exporter, also produces refractory bricks. The recent general steel recession has led the Scallitri Group to lay off some of the workers in its Kokosa complex and to delay expansion plans. Other major companies in this sector have shown few profits.

Scallitri has present production capacity for deadburned magnesite of 370,000 tons. The group is delaying work on installing a \$46-million seawater magnesite plant with a start-up capacity of 100,000 tons per year; a plant using a

similar process ran into major environmental problems in Sardinia because of the iodine produced as a by-product.

There are no immediate plans to develop the copper deposits northern Greece or the major zinc deposits in Macedonia, son of the main Bulgarian mine. However, ELEVME is to set a 30,000-ton-per-year ferrochrome plant at Kozani, aiming first export all the product and then expand the plant so as to make some specialty products. Construction is to start in 1978 though there remain problems in ensuring the necessary ore.

A second and more immediate project, finally agreed on in August, for the immediate creation of a company to set up 100,000-ton-per-year asbestos plant south of Kozani to exploit what are the biggest asbestos deposits in the Mediterranean and Western Europe. These deposits have been known about since the 1930s. Kennecott Copper, American concern, had the right to them during the period 1963, but now these rights are held by the Greek Bank for Industrial Development, ETVA. The bank has a subsidiary company intended to develop mineral processing, GEMEX, the Project Studies & Mining Development Corporation.

### Concentration

The mineral sector has had a recent annual average production increase of 20 per cent. Sources close to the government suggest that concentration of majority of Greece's mineral deposits in the hands of the big groups, Bodosakis, Scallitri, Pangeos-Kyriakopoulos—all linked with foreign companies—has made it hard for these companies to develop all the possibilities open to them. ELEVME was set up to invest in sectors where private initiative was interception. It has had a firm reception from a business which has long been left at bay by the state. Only recently ELEVME decided on its first project. The financial and economic delays in developing vital mineral sector.

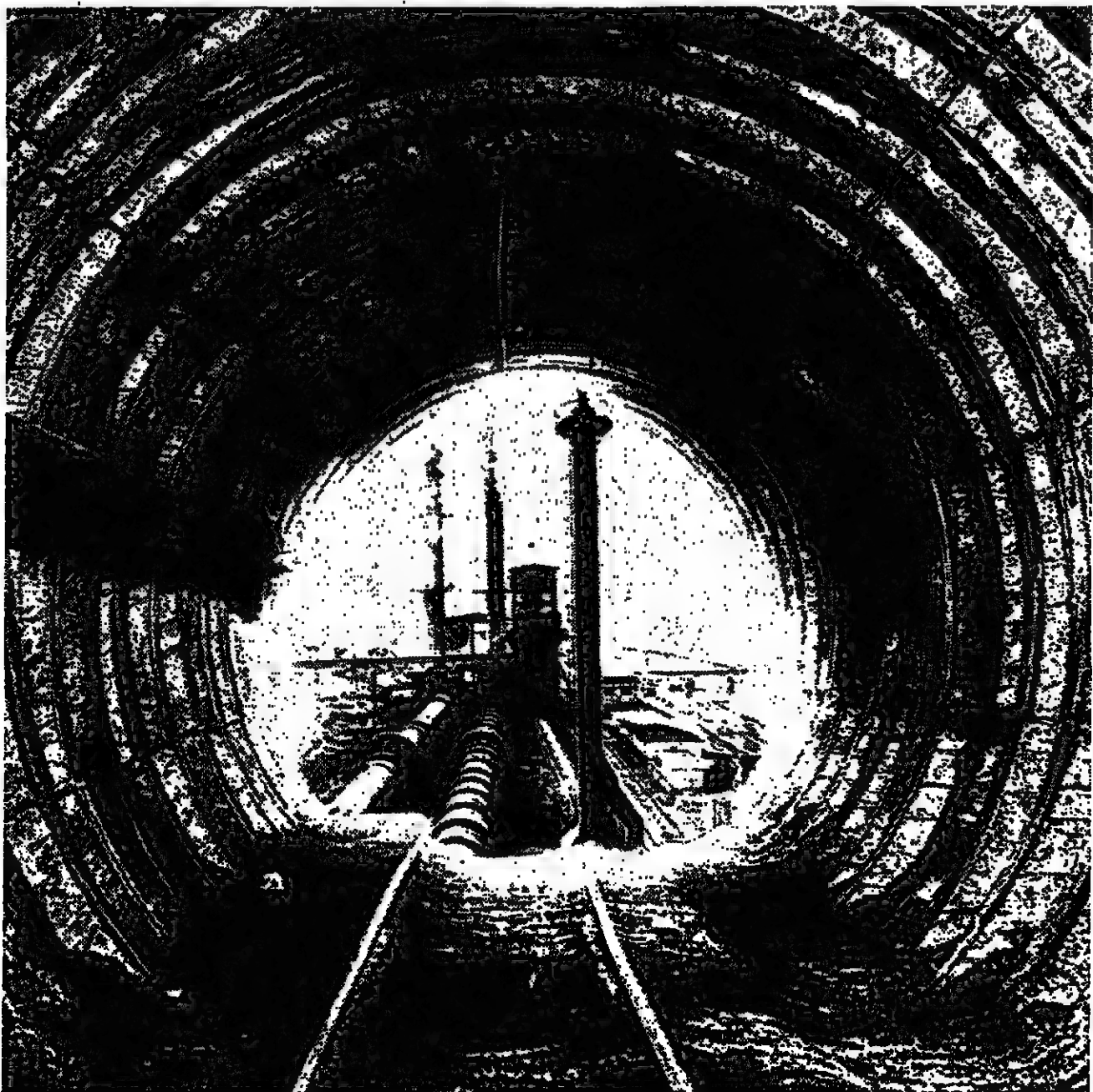
The opposition's stand is that it is crucial that the sector developed but with the state playing a greater role in planning and controlling development. Also wants a greater share Greece's mineral exports to further processed at home, present, by value, only 5 per cent of ores are exported totally processed, but even where aluminum and ferro-nickel are concerned there are voices insisting that these should be exported cast or a more finished state.

—D.1

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## HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A. (ETBA)

### FINANCIAL HIGHLIGHTS

	DEC. 31 1976	DEC. 31 1975
<b>CONDENSED FINANCIAL STATEMENT</b>		
Investments in Industrial Areas (Land-Infrastructure-Surveys)	689,410,117	769,447,481
Equity Investments	6,211,520,534	5,908,005,295
Loan advances to Industry, Tourism, Shipping	22,438,026,755	20,898,783,880
Other Assets	2,719,296,752	1,540,413,063
<b>Total</b>	<b>32,038,248,158</b>	<b>29,116,649,899</b>
Less: Long term Liabilities	17,238,455,070	16,217,459,895
Other Liabilities	3,851,076,733	2,073,606,729
<b>Capital Reserves and Provisions</b>	<b>11,148,713,355</b>	<b>10,825,583,075</b>
Less: Provisions	2,045,908,759	1,856,846,644
<b>Share Capital and Reserves</b>	<b>9,102,804,596</b>	<b>8,968,736,431</b>
<b>CONDENSED STATEMENT OF INCOME</b>		
Income	1,792,671,082	1,556,306,517
Differences from foreign exchange rates	218,789,508	1,155,265,350
<b>Total</b>	<b>2,011,460,590</b>	<b>2,711,573,867</b>
Less: Financial Expenses	1,211,373,117	931,909,922
Administrative Expenses, etc.	340,081,808	277,593,043
<b>Profit before Provisions &amp; Tax</b>	<b>460,005,665</b>	<b>502,070,902</b>
Provisions	385,242,502	429,804,000
Income Tax	7,520,768	395,619,771
<b>Net Profit</b>	<b>67,242,395</b>	<b>676,647,131</b>

### 1976 OPERATING RESULTS

Assistance to private business in the form of equity participations and loans for establishing and expanding productive installations. ETBA's overall activity during 1976 has been more systematic and has been manifested in all sectors of economic activity with considerable achievements both in lending and in receipts from loans. Loan approvals amounted to Dr. 3,595 million against Dr. 1,551 million in 1975, which means an increase of 131%. Loan grantings recorded an even more spectacular rate of increase (224%) corresponding to Dr. 2,587 million against Dr. 797 million in 1975.

Of the total amount of loans granted, 48% were allocated to industry, 27% to tourism, 21% to shipping and 4% to investments in other sectors. Receipts from loans in 1976 demonstrated a satisfactory trend reaching Dr. 2,788 million compared with Dr. 2,364 million in 1975. That is an increase of 18%. Dividends collected in 1976 from equity participations corresponding to fiscal year 1975, amounted to Dr. 138.6 million compared with Dr. 148 million and Dr. 50 million for the years 1975 and 1974 respectively.

At the end of 1976 the Bank's total investments in equity and long-term loans rose to Dr. 22,659 million against Dr. 20,898 million at the end of 1975.

Creating infrastructure for industry. The establishment and organization of Industrial Estates, one of ETBA's principal development activities, was intensively promoted in such areas as Thessaloniki, Volos and Heraklion. Until Dec. 31, 1976 a total amount of Dr. 1,098 million had been spent in industrial areas already in operation or in the process of establishment. These funds were channeled to the purchase of land, the elaboration of studies and infrastructure works. Of this total amount, Dr. 137 million were spent in 1976. In the future industrial areas works continued at a rapid pace and in Thessaloniki buildings for handicraft workshops were completed within the area of the Industrial Estate. Feasibility studies were also conducted for the creation of industrial areas at Preveza, Komotini, Jannina, Larissa, Kalamata and Chania.

Fund Raising — Capital Market Support. Sales of the Bank's 10.5% interest bearing Short-Term Bonds to the public at large reached the amount of Dr. 1,754 million compared with Dr. 248 million in 1975.

These bonds, together with the shares of the Bank's subsidiary "Hellenic Investment Company", provide a safe and effective outlet for the requirements of the small and medium investor, seeking a profitable investment for his savings.

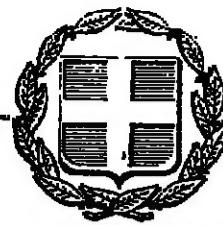
In addition to short-term bonds, which proved a sound means for raising funds from domestic sources, the Bank was also able to draw funds from abroad through credits obtained in foreign currency from international institutions.

Assistance to Export Enterprises. In 1976 the Bank's subsidiary HELLENIC EXPORTS S.A. assisted 239 small-to-medium export manufacturers through the granting of loans reaching Dr. 1,481 million which enabled them to realize export sales of Dr. 1,650 million.

Prevailing conditions are today particularly inviting for a new leap of the economy to higher levels of development.

مكتبة امه لائل





## Marching Towards Nuclear Power to Meet Future Demands

By James Sherman

ATHENS (UPI)—Issue by the Greek Public Power Corp. (P.P.C.) of an international invitation to bid for a site study and preliminary contract for a 600-mw unit is the first positive follow-through to a Greek government decision, in principle, in earlier this year, to turn nuclear power for the production of electricity from the middle of the coming decade.

The tendering, which stipulates the first nuclear unit should be in operation by the end of 1985, but makes no mention of a site, follows an assessment of the expansion of the power sector on utilization of local resources, that such renewable sources as solar and geothermal energy can play no more than a peripheral role in the energy scene, and that even if oil finally struck in important quantities there might be better for it than as fuel for power.

The P.P.C.'s official position is that nuclear energy remains a "feasible solution." This low-key approach is explained by spread fears among the Greeks over the safety factor—a factor that led to protest demonstrations on the island of Rhodes a few months ago when it was agreed that the first plant should be built there.

But, says the chairman of the Greek National Energy Council (NEC), Prof. Elias P. Gytopoulos, no decision has yet been made on the site or type of reactor. The first nuclear reactor, but it will likely be one of the two already commercially available which have proved their ability over many years in a number of countries, and not a "versatile, fast-breeder unit."

Sharp Contrast

As a way in which the Greeks are inching towards nuclear power, the move contrasts sharply with a move in 1972, which said that between 1981 and 1985, eight 600-mw nuclear units should go into operation, with a further eight of 1,000 mw to be in the days of the Greek when announced plans coincided with accomplish-

ed results and the possibility of public reaction was, anyway, the least consideration.

Also, the discovery in the meantime of large new lignite resources, bringing proven reserves to 3,000 million tons, led to a rethinking of the entire energy program, along the lines of replacing oil to the greatest possible extent by electricity produced from lignite.

Lignite is at present Greece's only exploited indigenous mineral fuel, and is used by the P.P.C. for thermal power units at Aliveri in Euboea, Ptolemais near Kosani, and Megalopolis in the central Peloponnese.

Last year, 55.3 per cent of total electric power needs was generated by lignite plants, 34 per cent by oil-fired units and 10.7 per cent by hydroelectricity. In 1980, according to a NEC forecast, the supply breakdown will be 68 per cent from lignite, 18 per cent from hydroelectricity, seven per cent from oil-fired units and nine per cent from the first nuclear unit. The increase in the proportion of power supplied from hydroelectricity is to come from the installation of a further 13 units along Greece's limited and short river network.

During 1976, Greece produced 21.8 million tons of lignite, a 24 per cent increase over 1975, of which 15 million tons came from the Ptolemais mines, 6.4 million tons from Megalopolis and the rest from Aliveri. Also, the P.P.C. began preparation for development of the unexploited Ptolemais-South Field deposits of 700 million tons, where a further seven 300-mw units are to be brought into operation progressively from 1980 to 1988.

### Changing Picture

But from that point on, the picture changes. For, says Prof. Gytopoulos, "There is an estimate of the demand for electric power over the next decade or so, and an estimate of what is known about Greek lignite, and when you put these two together you find that after 1985 or 1986 there will be no possibility of satisfying the demand by the introduction of more lignite units. The choices available will be nuclear or oil. And all estimates are that oil will become even scarcer by that time than it is now, and still more expensive, and that nuclear power

...Per capita energy consumption in Greece is still only about one-third of the general Western European average.

will remain the more reasonable cost."

The lignite-fueled units existing now and to be built up to 1986 would be able to continue in operation at least into the 21st century, but would cover a steadily diminishing proportion of energy needs.

If the continuing search for exploitable deposits of uranium in northern Greece ultimately proved successful, that would be all to the good, but would not alter the basic picture, Prof. Gytopoulos said.

The age of electricity reached Greece astonishingly late by European standards. In 1900, when the P.P.C. was set up to gather the output of 400 local power plants into a national grid, nationwide per capita consumption stood at 71 kwh per year. The Athens-Piraeus area accounted for 85 per cent of a total consumption of 53 million kwh annually, and was the only urban center in Greece whose economic and social life was appreciably affected by the applications of electricity.

Of a total installed capacity of 223,000 kw, 98 per cent came from oil-fired units and 2 per cent from hydroelectric plants.

Now, installed capacity is 4,898,000 kw, consumption 16,400 million kwh—of which the Athens-Piraeus share has fallen to 36 per cent—and nationwide per capita consumption 1,780 kwh. Power is supplied to 88.9 per cent of the population, living in 8,800 towns and villages.

Even so, per capita energy consumption in Greece is still only about one-third of the general Western European average.

It is estimated that sales to industrial consumers this year will reach 9,300 million kwh, representing 56 per cent of the total. For household use 2,130 million kwh, and for agriculture 280 million kwh.

Electricity apart, the story of energy in Greece so far is one of quest and relative disappointment.

The only commercially exploitable oilfield yet discovered is under the sea of the north Aegean

island of Thassos, the estimated production from which has now been downgraded to 25,000 barrels a day from 1980. Plans are going forward to construct a petrochemicals complex near Kavala, the closest mainland port, though whether it will be supplied from Thassos or with imported oil is not yet known.

Other undersea drillings in the general area of Thassos have so far proved disappointing, as have drillings onshore by the Romanian state agency Rompetrol in the Nestos River delta near Kavala.

The focus of the oil search has now switched to western Greece and the Ionian Islands, both on land and undersea, on the basis of a Public Petroleum Corp. (DEP) budget of approximately \$27 million for this year.

The Ionian is regarded by the Industry and Energy Ministry as the more promising area. Also, since the signing of an agreement earlier this year between Greece and Italy on demarcation of the continental shelf, the Ionian has the advantage of not being susceptible to the kind of ownership disputes that have brought Greece and Turkey into confrontation.

This year's DEP exploration program includes offshore exploration in the Corfu-Paxi region, the Patras Gulf and the Gulfs of Kalamata, Laconia and Avrakos, as well as onshore near Preveza. At the same time work in northern Greece will continue, with offshore exploration in the Singiticos Gulf and further onshore research in the Komotini-Xanthi, Philippi and Katerini areas and along the Strymon River valley.

Greek government policy in the oil sector is to increase state control not only over exploration and exploitation of any discoveries that may result, but also over the procurement, transportation and refining of crude and the supply of petroleum products to the local market.

Thus, last December, the government reached a negotiated settlement with the Marchos group

by which the Aspropyrgos refinery at Skaramanga, near Piraeus, from which the local market draws the major part of its requirements, returned to full state ownership.

It took the process a stage further last May by terminating a procurement arrangement with a Mobil-Shell-BP consortium for the supply of approximately 1.9 million tons of crude annually, thus obtaining greater facility to negotiate spot purchases of crude or special arrangements such as those made subsequently with Iran and Libya for part payment in oil for work carried out by Greek construction companies on public sector projects in those countries.

The total processing capacity of Greece's four petroleum refineries is 20 million tons, divided between the Vardinoyannis family's Motor Oil (seven million tons), shipowner Ioannis Labis's Petrolis (five million tons), the Aspropyrgos refinery (4.5 million tons) and Esso-Petrolis in Tessaloniki (3.2 million tons). Motor Oil and Petrolis refine for export.

Imported oil last year cost Greece \$988 million, out of a total imports bill of \$5,556 billion. This year's figure will certainly be well over \$1 billion.

Total crude oil requirements this year are estimated at around 8.4 million tons.

Two thermal sources have been assessed on the island of Milos—of "Venus de Milo" fame—and each are said to have been found capable of supporting a 15-mw power station. The first, at a depth of 1,100 meters, yielded 80 tons of steam per hour at a temperature of 310 Celsius and a pressure of 125 atmospheres, and the second, at 1,163 meters, gave the same steam output at a temperature of 300 Celsius and 83 atmospheres.

A utilization feasibility study is now being prepared by the P.P.C. with Italian consultants, but the most that is hoped for is that Milos will become self-sufficient in energy and able to support a few new industries.

As for solar energy, NEC is carrying out a joint program with the U.S. Energy Research and Development Agency (ERDA) on the possibility of developing a small community of between 4,000 and 5,000 inhabitants "somewhere in Greece" whose energy needs will be satisfied as much as possible by this source of energy.

First conclusions are due to be presented to an international conference next year, after which a decision will be taken on whether to go on to the implementation stage.

NEC was also behind two recent government initiatives designed to encourage the adoption of solar water-heating devices: hotel enterprises installing such devices will be able to borrow money at low interest rates to meet purchase and installation expenses, while householders will be able to deduct such costs from their taxable income.

Solar water-heating devices are now on general sale in Greece, but are moving slowly because of their cost and public doubts over their reliability. However, a plan to establish a government certification laboratory should, it is thought, remove some of these doubts.

NEC is also concentrating attention on energy conservation, primarily in the sense of more efficient use of energy. A joint committee set up with the Federation of Greek Industrialists has asked about 50 major industrial enterprises to create their own energy conservation teams, and three subcommittees have been formed to examine and publicize specific technical procedures for conservation of energy in the production of heat, electricity and steam.

These programs accord with the two basic tenets of national energy policy drawn up by NEC last year: to reduce the ratio of the rate of growth of energy consumption to the rate of growth of the GNP, and to satisfy national energy needs with as small a total cost as possible.

Thus, said Prof. Gytopoulos, "When we talk about large quantities of energy, we must remember first that all the so-called new sources, the renewable sources, of energy can contribute relatively small amounts to total needs, and second, and much more important, that they are very expensive per unit of energy, so much so that we cannot afford the luxury of using them as much as we would like to. The energy problem for all countries, but particularly for countries such as Greece, is, for the moment at least, primarily an economic one."



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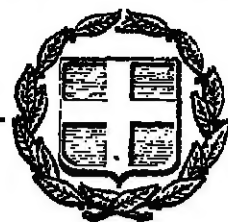


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## EEC Entry Raises Controversy in Agricultural Sector

ATHENS (EHT).—No sector has been more controversially connected with Greece's entry to the EEC than has agriculture. For France and Italy, accession seemed to threaten their farmers' livelihood. For Greece, the question of EEC entry was a policy designed for agriculture based predominantly on protection to one based on vegetables. Greece's accession also had to be costly to the state, the opinion on the application for membership prepared by the EEC Commission forecast that most of the cost would result from the entry of, initially, 453 million units of account or nearly 1 billion would be required for the agricultural sector.

Furthermore, with Portugal and Spain knocking at the door and they demanding to be taken in of, the Greek accession raises the issue of how to deal with Mediterranean agriculture in general. In April and May such considerations threatened to stall the negotiations process. Now, however, one more hurdle which the Greeks helped political allies, have cleared. Indeed on some matters they are no longer on the defensive. Six months ago there were in some community circles at Greece's entry could lead to changes in some products. To the Greek Minister of Agriculture, Ioannis Boutos, talks of order and bewilderment that is fear should exist when most ports question how man will able to feed an ever growing population. "My feeling is at such fears are not based on sound analysis nor on morally acceptable criteria. They refer to a limited number of products in which Greece has a comparative advantage over some member states, in particular the native Mediterranean products: peaches, tomato paste and cucumbers. The EEC consumer has vested interest in the community taking advantage of this comparative advantage."

### Not Competitive

present Greece imports one-third of its meat requirements; it is a net exporter of fruits and vegetables, olive oil and wine, as well as of specialties of tobacco and raisins. However, there is no major agricultural product exported by Greece in which the EEC is already self-sufficient. There will be no subsidies of millions of lakes of olive oil, the Greeks say. Mr. Boutos insists that, even if Greece exports some of the same products as Italy, Greek agriculture is complementary to that of the EEC as a whole, not competitive with it.

This is one side of the picture, the other is that Greece's agricultural sector has major problems and structural deficiencies. A country has only until Jan. 1, 1980, to solve these according to present timetable. But tackling these problems is crucial if Greek peasant living close self-subsistence is finally to appear and his place be taken by a modern "farmer."

### Crucial Sector

In present, agriculture accounts for 15 per cent of GNP and the sector produces enough in money terms not only to feed the country but also to provide a net \$330-million surplus on the trade account which offsets part of the wine trade deficit in manufactures. It is a crucial sector, providing employment to over a quarter of the population—figure nearly three times the 10 average of nine per cent, as if well below the 36 per cent recorded by Greece's misleading 1971 census.

But, it is also a neglected sector, or so the opposition claims, citing to the various times the police have used clubs or gas to disperse farmers' demonstrations to press their demands. Income-per-head in the agricultural sector is between half and one-third of that of other sectors of the economy. The prospect of accession to the EEC has, however, obliged Greek leaders to start a serious study of the sector.

The original Association Agreement of July 9, 1961, required complete harmonization of agricultural policies of the community and Greece.

### Freeze

Discussions on how to achieve were brought to an abrupt end when the colonels' coup of 1974 led to the freezing of EEC relations. Only tariff negotiations continued. This is complete agricultural infrastructure, a sum equivalent to twice the 1976 budget of his ministry. In any country two years would be a short time to introduce such changes. "Here they will only happen if we are

sometimes does so on products such as cheese. The EEC Commission originally recommended that a period of three years should elapse before Greece assumes the obligations of full membership. This suggestion of a pre-entry transition period was rejected by the Council of Ministers.

Now the Greeks have told the community that they accept the *acquis communautaire* and will apply it immediately on entry to almost all agricultural products. However, they have asked for transition periods of two years for flowers, plants and seeds; three years for eggs; and five years for beef, pork, milk and milk products. They have also asked for the EEC's Common Agricultural Policy (CAP) to be extended to cotton, figs, sultanas and wine, although, as on most of their requests so far, they have yet to receive a favorable answer.

Adapting to the unified market, community preferences and financial rules of the CAP requires structural and institutional changes of a sort and scale which would be daunting even for a state machinery used to change. In Greece the first problem has been recognizing the scale of the problems faced. It is only now that the efficiency but belatedly formed EEC department of the Ministry of Agriculture is beginning to be able to impress on other services the urgency of the changes which must be made.

### Statistics

One of their problems has been the inadequacy of existing statistics. The 1971 census indicated that 36 per cent of the population was active in agriculture and that there were over 1 million farm structures. It thus confirmed the crazy paving division of the Greek landscape, indicating that the average farm size in Greece was 3.5 hectares, only one-quarter the average in the EEC. Also important is that Byzantine and Moslem inheritance laws mean that even this small area of 3.5 hectares is divided on average into seven lots, often far apart.

Major weaknesses in the census mean that these figures may exaggerate this problem. The census listed land by ownership—not, as in the EEC, by units in operation. It also included as active those in rural areas who had no job and those aged 10 and above instead of merely those from 14 to 65 years old. The problem may thus be less striking but it remains acute and, in order to help introduce modern farming methods and land consolidation is life in Athens.

Since 1933 600,000 hectares have been rearranged. However, twice this area of arable land could still benefit from voluntary exchanges. In 1971, according to the disputed census figures, 45 per cent of cultivated land was in holdings of less than 5 hectares, compared with the EEC average of 5.3 per cent.

The authorities have long sought to encourage the reduction of the agricultural population, and have thus moved in parallel with one of the main recommendations of the Marshall Plan. In Greece, in human terms, the results of this policy can be seen in the numerous villages given over to old people. In the community in 1971 half the farmers were over 57 years old and in Greece this lack of young farmers is also a major problem. In economic terms, too, the program of encouraging the flight from the land has yet to be concluded.

For Greek officials involved in the EEC negotiations this problem of farm size is a difficulty for Athens more than for Brussels. They argue that Mediterranean-type agriculture does not require large units but it does require investment. For these officials, a unit of four hectares can be profitable provided that it is irrigated, as can even 0.4 hectares if it is used for greenhouses. Figures for 1973 show that nine-tenths of land under garden crops and one-fifth of areas with fruit trees were irrigated.

### Distribution

The officials insist that such land consolidation is in any case less important and urgent than the complete modification of the agricultural distribution system. They point out that the farmer will have to learn new methods of marketing and pricing. A new system of assembling markets is to be introduced, Mr. Boutos says, aimed at strengthening the bargaining position of the farmers and limiting the possibilities of earning unjustified profits which the merchants have today.

In the meat sector, introducing radically different meat cuts is only part of a process which will involve setting up local markets where unsold animals can be penned in conditions which will free the farmer from the need to sell them there. Mr. Boutos says that for Greece to be ready for all aspects of the CAP it will have to spend \$500 million on agricultural infrastructure, a sum equivalent to twice the 1976 budget of his ministry. In any country two years would be a short time to introduce such changes. "Here they will only happen if we are

thrown in the deep end," one official says.

Foreign observers have been surprised by the way that in Greece production comes under the control of the Ministry of Agriculture and trade largely under the Ministry of Commerce. Mr. Boutos makes it clear that no changes in this system should be expected.

A second question under debate is what mechanism will be set up to act as the extension agency of the European Agricultural Guidance and Guarantee Fund. Though the Agricultural Bank of Greece (ABG) would like to act for the Guidance Section of the fund, the EAGGF would prefer to deal with civil servants—and perhaps use the facilities of the ABG only for distributing its assistance. The ABG's present monopoly on agricultural credit is also questioned by Brussels.

The Ministry of Agriculture has just set up various branch offices aimed at helping an information drive, but changing the patterns of decades will be hard. Even the recent bill on technical training omitted agriculture altogether; there have been few measures to encourage the younger and more dynamic elements to stay on the farm.

The cooperative movement, which could normally be expected to help in this effort, is "stuck," according to Prof. Papadimitriou.

### Cooperatives

Of Greece's farming population, 65 per cent belong to cooperatives. But these have long been treated by governments as an arm to apply their equally paternalistic policies towards agriculture. The cooperatives never freed themselves from the grip of the conservative governments which followed the Second World War and civil wars. They were then completely taken over by the junta. Even with civilian government restored, Mr. Papadimitriou today describes their leadership, PASOKS, as "the simple organ of the Agricultural Bank and of every government so that it never expressed the interests of either the cooperatives or the farmers."

The General Director of PASOKS, Nikolaos Kolimvas, says that the Greek cooperative movement is very different from its Western European counterparts and that while some cooperatives run important activities, "these activities are an extension of state activities rather than free, responsible and with freedom of initiative."

### Modernization

Today it is exactly in these sectors that their work is most necessary. However, government efforts to modernize the movement have been attacked from many quarters as inadequate. This spring a draft law was prepared to replace existing legislation which dates back to 1915. The new bill has still to be discussed in parliament and is treated with reservations, both in Athens and Brussels. It contains objectives, not outlines, and "lacks the basic prerequisites of democracy," according to one liberal politician.

It includes several advances on the existing laws but fails to provide incentives for cooperatives, according to Mr. Kolimvas. It makes no specific references to group cultivation and subjects cooperatives to rigorous state control. It also maintains the existing system of cooperatives based on area rather than product, with product cooperation only taking place at regional and national level. Also seen with reserve by Brussels is the provision meaning that once one cooperative exists in a village it is extremely hard to set up an alternative.

However COGECA, the General

Committee of Agricultural Cooperatives, reacts to this law, there still remains the complete lack in Greece of any farmers' union which could be affiliated with COPEA, the Committee of Agricultural Producers, in Brussels. Mr. Kolimvas says that "because the Greek state has never helped peasants it has not waited them to become organized." The new cooperative bill allows cooperatives to join together to set up professional organizations. But this "controlled unionism" is unlikely to be acceptable to Brussels, according to sources connected with the EEC. And here, as in several other areas the Caramanlis government may be obliged to adopt community practices and by doing so allow for the modernization of Greece's agricultural structure, a process which one senior official involved in the EEC negotiations sees as a "major step towards modernization, the economy as a whole."

CEREALS: Greek cereal yields average only 57 per cent of the EEC norm. However, this reflects the large number of marginal producers working barren soil in mountainous areas. Yields in the plains of Thessaly and Macedonia are comparable with those in the EEC. A price-support mechanism already exists. With the exception of maize, support prices are below those in the community but this has not discouraged farmers from continuing to plant both wheat and barley.

Accession to the community will mean raising present support prices and thus altering existing price differentials. Some officials fear that this could lead Greek farmers to turn to cereals from crops where they have a relative advantage. A complete change in the present system of bread pricing and production will be necessary, as will the construction of proper silo space.

FRUIT AND VEGETABLES: The Greeks have high hopes of becoming a market garden for the community, even though the Ministry of Agriculture sees "no more possibilities of unreserved and unrestrained increases of production."

Already a notable success has been recorded with peaches and apricots. Greece's peach production is equivalent to about one-fifth of the community's and exports to the EEC averaged 95,000 tons per year in the period 1973-76. The Greeks claim their quality is higher than that of Italy and are disturbed at the temporary bans and levies on the imports of peaches imposed by the EEC this summer. Last year they exported 55,000 tons of apricots to the EEC.

As for citrus fruits, exports in 1976-77 totaled 279,000 tons, compared with 268,000 tons in 1974-75. Most of these were shipped in bulk to Eastern-bloc countries and the 30,000 tons of graded fruit sent to the EEC amounted to less than one per cent of EEC imports.

The Greeks quote this figure when asked if their entry, followed by those of Spain and Portugal, will create a citrus surplus. They expect to continue to concentrate on exporting citrus to the Eastern bloc; this year they also made their first sales of peaches to Bulgaria, with 10,000 tons programmed.

Given the high quality of their vegetables, the Greeks expect to export large quantities of these to the community. Cucumbers from the sun-heated greenhouses of Crete, the Peloponnese and Macedonia have already been successfully sold. This sector is one which could be greatly expanded, according to a report prepared for the World Bank by the Canadian consulting firm Station and Kellogg.

The report also looked at the possibility of developing off-

season vegetables. It found that these would have to be grown under plastic or glass; at present some 1,000 hectares are covered with greenhouses. It foresaw good chances for Greece but also stated the need for numerous measures to assist the sector.

These measures included much greater help by the state to farmers, the reduction of bureaucratic problems, greater contact between state extension services and the farmer and encouragement of young farmers. The government has already introduced decrees making quality standards obligatory for various products. These cover both the internal and external market, although the Greeks point out that where Brussels is concerned they only have to modify the export sector. Even in France, they claim, only 75 per cent of domestic trade meets EEC requirements. They also have to develop their export contacts. At present the bulk of Greek sales are through the Munich market.

The warehouses, refrigerated facilities and contacts established by Greek exporters are concentrated there. This, however, has resulted in supplementing the already large dependence on Munich which exists even within the EEC. London merchants have been complaining that there can be a glut in Western Germany at the same time as a shortage in Britain. As for the Greeks, they are disappointed that the EEC will not allow them higher prices for individual high-quality products, in particular dessert grapes.

MEAT AND DAIRY PRODUCTS: In this area the problems involve all aspects of production and distribution. The Greeks themselves are still debating whether to seek self-sufficiency in the full range of meat products or to concentrate on sheep and goats where they have a relative advantage. At present the tendency is towards self-sufficiency. This means building up the quality of cattle in the lowlands. Artificial insemination programs, often introduced with the local priest helping to overcome villagers' objections, have led to a major increase in meat quality. On the whole, livestock owners have sought to improve the small local breeds rather than introduce new breeds which need more feeding. But Greek milk yields remain well below the EEC average.

Greek meat consumption is above the EEC average but the sector has long had problems. In the EEC, animal production accounted for 57 per cent of the value of the community's agricultural production in 1974, while in Italy that year it represented 37 per cent; in Greece it only accounts for about 30 per cent. The unhealthy role played by the meat merchants has long been publicly criticized in the press, but little has yet been done to implement the report prepared by a working group in March 1975. There is a shortage of provincial markets, meaning that farmers sell their animals on the hoof and at prices well below the retail price.

Only 30 per cent of Greek pig meat goes for further processing, compared with 70 per cent in the EEC. Accession to the community will also require radical changes in both slaughtering and marketing. Feeding and hygiene norms will have to be adapted accordingly. The Greek butcher and housewife, for instance, agree that veal comes from a bovine animal of up to 300 kilograms with all its milk teeth rather than one of up to 400 kilograms which has not dropped more than four milk teeth. Local meat prices will rise, particularly of the better cuts.

Allowing also for the grave competition represented by EEC

outlet and cheeses to Greek produce, the need for special treatment becomes clear. Such facts also explain why some Greek officials press for emphasis on range goats and relatively small sheep which graze on the mountains of the Peloponnese or Crete. "Already the French buy our goatmilk for their cheeses. Can we not now develop a taste for spit-grilled lamb throughout Europe?" they ask.

WINE: With Greek wine production only 3 per cent of the community's and one-half of this production consumed directly by the producer and his family, there are unlikely to be problems for the EEC in this sector. At present most of the 40-50,000 tons of wine exported annually are for blending purposes. Wine production of controlled quality and origin is at present only 5 per cent of the total, though in time this share could rise to 20 per cent. The prospect of this development and the flow later on of Spanish and Portuguese wines into the EEC explains French and Italian concern in this sector.

OLIVE OIL: This is important for the Greeks, even though at present they only export some 20,000 tons per year of their average 250,000 ton annual production. Greece has undertaken harmonization of its prices with the community's. It now expects to earn from increased exports to pay for the imports of cheaper oil and fats which may develop as the Greek market is opened to them. Greek officials also suggest that entry to the EEC could stop the clandestine export of 10,000 tons of olive oil per year to Italy. This smuggled oil, they say, is sold as Italian olive oil, while the lower-quality Italian oil is refined and exported.

SUGAR: Although Greek sugar-beet factories have a long operating season, Greek sugar is more expensive and of lower quality than that in the community. There is thus the danger of Greece being flooded with imported sugar while at the same time limitations could be demanded by the EEC in the areas which Greece devotes to sugar.

COTTON: Existing local and international arrangements mean that Greece has no trouble in selling the 110,000 tons of ginned cotton which it produced in 1976. For Greece this is a basic product, both for its farmers and its industry. But the EEC does not include cotton in the CAP. Greece has asked that it should do so, for if it fails to, Athens may be obliged to stop its present policies of protecting the sector.

TOBACCO: In 1975 Greece produced 113,000 tons of tobacco compared with the community's 178,300 tons. It has a complicated system of distribution whereby the market is divided into two: the domestic market with the local cigarette factories obliged to buy Oriental tobacco; and export markets for both Oriental tobacco and the Buryley variety produced in the EEC only by Italy. In 1976 Greece grew 123,000 tons of Oriental tobacco and 16,000 tons of Buryley. Accession could mean scrapping such market divisions and allowing local cigarette factories to buy abroad, to the cost of the Greek farmer.

But Greece's main fear is that it will be asked to concede to Turkey the preferences which the EEC has for the Oriental tobacco, which the community scarcely produces but Greece does: "We would like to set up a major tobacco processing industry," one is told, "but can you imagine our situation if our growers were driven out of the market because of the lower production costs in Turkey?"

—D. T.

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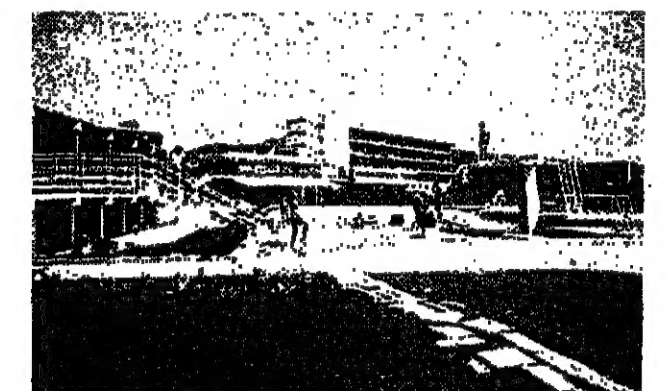
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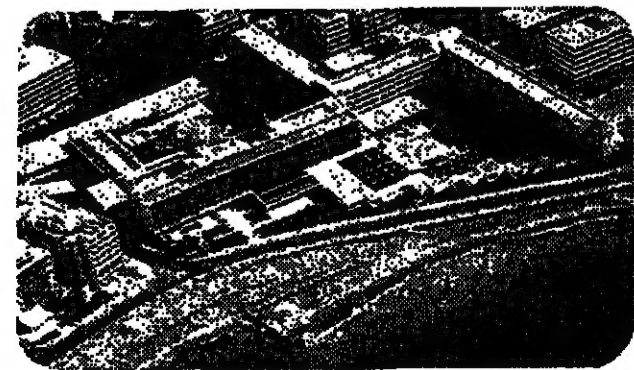
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## Shipping: Uncertainty Over Accession Issues

**PIRAEUS (IET).**—Some of the mighty have fallen, but generally the Greek shipowners have coasted through the last two years' shipping slump. Today the prospects remain dull while along Akri Mfion, the golden half-mile of Greek shipping offices which look out over the grimy waters of Piraeus, there is uncertainty about what accession to the EEC may bring in its wake—and downright anxiety about the muscle shown by Greek seamen in recent wage disputes.

Greek shippers would present their skills as being flexible and having a nose for tomorrow's market.

This had led them to prefer working offshore, unhampered by any one country's regulations. During the 1950s, over half the Greek-owned tonnage was under Liberian or Panamanian flags. Now the operating privileges given by the colonies and largely confirmed by post-junta governments have managed to attract home an increasing number of prodigal sons. By last year 29 million gross registered tons, or 57 per cent of the Greek-owned fleet, was flying the blue-and-white flag of Greece.

Earnings from shipping and seamen's remittances contributed \$814 million to Greece's invisible receipts in 1976. Greek shipowners have made a voluntary contribution of \$84 million to the country's defense efforts but in total pay a mere \$35 million tax in Greece per year. Owner Stavros Niarchos, for instance, reports no income in Greece.

### GNP

However, the OECD has pointed out that Greek shipping makes a lower contribution to GNP than could be expected after comparing its tonnage per unit of GDP with Norway.

The Greek fleet is equivalent to over one-third of the existing merchant fleet of the nine members of the EEC. If all Greek-controlled tonnage is added to this fleet, the community would control over one-third of the world's shipping. The advantage to the EEC of speaking with such power at its elbow is clear, but many Greeks are skeptical about what they will receive in return. Gregory Kalimanolopoulos, a member of the Union of Greek Shipowners' committee on the EEC,

says, "We must act as a potential groom and carefully examine what the bride is offering."

For the moment the bride is still heavily veiled. With Greek owners accustomed to charting their own course, the idea of accession is often greeted with more resignation than enthusiasm. The main benefit they hope for is that it will help them to preserve their share of world trade in the face of the tendency toward cargo-sharing accords. These accords invariably favor ships of the importing and exporting countries against "cross-traders"—ships from third countries and the type of trade in which the Greeks mainly operate. The U.S.-Soviet maritime accord running to 1981 excludes all cross-traders and now the United States is following the French practice in requiring a percentage of its oil imports to be carried in its national ships.

### Cross-Trading

Discrimination against cross-trading is also evident in the cargo code proposed by UNCTAD, the United Nations Conference on Trade and Development. UNCTAD has suggested that cargo should be divided on a 40-40-20 basis—that is, 40 per cent of the cargo going to both the importing and exporting nations and only 20 per cent to cross-traders.

In its present form the UNCTAD liner code is unlikely to be ratified by owners of 25 per cent of the world tonnage, as is necessary for it to become binding. Britain is now looking to a revised code as part of a situation in which the OECD, while preserving internal competition, may end up trading with outsiders on a 60-40 cargo-split basis. In the hope that the EEC may achieve something similar, the Greeks indicate entry could protect its share of cargoes, provided that the EEC does not change its principle of non-discrimination between member states or divide cargoes in accordance with individual nations' shares of overall trade.

The EEC Commission has already rapped West Germany, France and Belgium on the knuckles for signing the UNCTAD liner code. But its objections against such flag discrimination decided outside Brussels have to be seen in conjunction with its note to the EEC Council on June 30, 1975. This sought approval of the view that "the present situation in shipping requires the adoption of measures at community level."

The Treaty of Rome totally excluded aviation and the maritime sector from common transport policy. Article 94 made joint action in either of these areas dependent on a unanimous agreement inside the Council of Ministers. Greek shipowners feel that there has, however, been a progressive erosion of this principle.

### Overruled

They point to the fact that in March, 1974, the European Court overruled a French ministerial decision that over 75 per cent of the crew of French-flag vessels must be French nationals. The court argues that community legislation of the freedom of movement of labor was also applicable in the maritime sector.

The Minister of Merchant Marine, Ret. Adm. Alexander Papadogiannis, says that "Greek sailors or many reasons will both wish to continue working on Greek ships and benefit from this." But some owners fear entry into the EEC will mean losing their crews, as well as being obliged

[On accession to the EEC]:

*'We must act as a potential groom and carefully examine what the bride is offering.'*

later on to provide community rates of pay and conditions of work. Even now, despite the slump in shipping, there is a shortage of Greek crews. A total of 30,000 foreigners, mostly from Asia and Africa, are employed on Greek ships alongside 120,000 Greeks.

### Crews

Opinions on the effect of entry into the EEC on crewing arrangements are divided. The Union of Greek Captains warns that it may open the way to more foreigners, particularly those from the Third World, working on Greek ships. The union cites the example of Britain's arrangements in this sector. The PNO takes a more reserved position, although it insists that nothing should be done to prevent Greek seamen from turning to foreign shipping.

The shipowner Costas Carras suggests there may be "attempts by all EEC fleets to follow the traditional British example and try to employ a higher proportion of non-EEC seamen in preference to the already comparatively expensive Greek." Indeed, at present owners are mainly concerned about the problems that might arise from foreigners being able to register under the Greek flag or, in accordance with the community principle of freedom of establishment, setting up offices in Greece.

One owner rejects the suggestion that entry to the EEC will mean that Greece would be obliged to replace its present shipping taxes based on tonnage with taxes based on profits.

Now that Greece's entry into the community seems inevitable, Greek shipowners are keen that this entry should be as soon as possible so that they become members before any decisions are taken which might undermine their interests.

They do not wish to see a repeat of the situation which arose when a community decision on fishing set back EEC negotiations with Britain and undermined EEC relations with Norway. Britain, as concerned as Greece with what a community policy on shipping could entail, hopes that Greece will be given formal observer status on shipping questions. Although this has been rejected, France, in particular, is pressing for such a policy. Last year CAACE, the committee of EEC shipowners' associations, wrote to the Commission asking for the formation of a subcommittee on shipping.

### Resistance

Once they are inside the community the Greeks are not sure how far they will be able to protect their golden goose. Mr. Kalimanolopoulos says that the Greeks may want to resist that shipping become part of the community structure but, "Is it realistic to assume we can resist, even considering the unanimous vote required, if the 'big boys' or the majority want to make it so?" One member of the CAACE warns, "Shipowners of the Nine are not prepared to relinquish

their national cargoes to the Greek commercial fleet."

Despite the seriousness of the issues involved, it was only this year that in Greece the tripartite committee of government, shipowners and seamen's representatives began work on the issues connected with the EEC. The ministry is concerned that there may be a rush of foreign registrations if it should lift its restriction that all ships registered in Piraeus be controlled by Greek nationals.

### Shipbuilding

Compared with its fleet, the Greek shipbuilding industry is a mere dot on the map. It launched as much tonnage in the year 1976 as Great Britain did each eight days. It has failed to break into major contracts for renewing the aging Mediterranean tramp stock, and only orders by Stavros Niarchos have ensured continuing work for his large Hellenic Shipyards.

Last year the country's dozen small yards launched ships ranging from 1,800 dwt tankers to an 11,000 dwt freighter. But the Niarchos yards delivered three 37,000 dwt bulk carriers and is completing work on two further carriers for Mr. Niarchos's account.

Apart from these the yard has long completed its run of 27 SD 14 tramp ships and cargo liners and five 30,000 dwt products carriers. It has not received any orders for the 8,000 dwt multi-purpose freighters and 14,300 dwt cargo liners it has designed. It is, however, producing small patrol boats for the Greek Navy and is part constructing, part assembling six La Combattante 3 missile patrol boats designed in France's Cherbourg yards.

Also connected with Greece's war industry have been some exploratory talks on manufacturing army tanks in its yards. Its \$62-million, 500,000 dwt dock came into service on Aug. 18, supplementing the yard's existing 250,000 dwt graving dock and three floating docks. The new dock is expected to be used only for repair work.

Greek yard owners have long argued that being close to the now-reopened Suez Canal, having low labor costs and rapid delivery dates, they should attract both "ethnic" and other clients. Last year over 2,000 ships, totaling 25 million tons, were repaired in Greece. Here again the Hellenic Shipyards led the pack, with major oil companies and the U.S. Sixth Fleet among its customers.

### Repairs

ETVA, the Hellenic Industrial Development Bank, has allocated one-third of its 1977 financing program of \$140 million for ship repairs. It has also negotiated its first Eurodollar loan for ship purchasing. But Greek shipyards complain at the lack of state financial back-up.

Six months ago the government announced subsidies of interest rates up to 80 per cent of the value of ship building, but shipyards describe these as "very poor" compared with the facilities offered by countries such as Japan. They say that this lack of financing caused them to lose orders for a trawler fleet for Algeria and 54 small ships for Egypt. They also talk bitterly of bureaucratic interferences.

Where new shipyards are concerned, a running war is going on between conservationists and those seeking to build yards in what are some of the more delightful areas of Greece. The Minister of Industry, Constantinos Kiriakopoulos, has told parliament

that in less than 50 years all the sheltered bay along the Aegean shores will have to become a dry yard if Greece is to keep economically and militarily abreast of its neighbors.

The most controversial of the plans have been those of the K. Georgiades group to build a \$135-million yard in the historic bay of Navarino, site of the palace King Victor of Trojan times scene of the 1827 naval battle which launched Greece on its road towards independence.

Other plans to run into \$200 million include the \$57-million yard planned by shipowner C. Nikolaos Papalios in Crete proposals to transfer the 3 yards from the crowded Piraeus area near Piraeus to Lavrion, of Athens.

The recent government approval of two new yards built in Volos and Kalama, a cost of \$70 million reflects the general difficulties of the world's shipyards. This conservatism is evident in the gamble they have been taking, an upturn in the shipping market.

### Rise on Tonnage

In 1976 the Greek-owned rose by 6 per cent in tonnage reach 4,616 ships of 511,100 grt, according to the Pan-shiping journal, *Navika*. This lists the world's yards as having launched ships of 2.9 million tons Greek owners last year. Of 18, accounting for nearly the tonnage, were tankers, 10; rest were mainly bulk carriers in the 10,000-30,000 range.

At the end of last year Greek had orders outstanding tankers worth \$2.6 billion, including five crude carriers, 12 tankers, 155,000 and 275,000 and one ultra-large carrier of 412,000 dwt.

There has been a reduction in the tonnage gathering rust at anchor. *Navika* International records that the tonnage in mid-May this year totalled 4.5 million dwt, 4.5 million dwt below the figure for a year ago.

But despite the continuing problems of lay-ups and the going slump in freight, Greeks doubled their purchases compared with 1975, buying ships totaling 4.5 million dwt. Half of this tonnage was made up of tankers. Several of the major owners have been plugging large new tankers, extremely low per-ton price. There has been a sizable rise in the cruise fleet.

The average age of the Greek fleet has risen slightly with 44 per cent less than 10 years old, compared with a world average of 65 per cent.

Antonios Chondris, president of the Greek Shipowners' Union, is among those who worry that this spending may prove a mistake. "It continues," he says, "to cargo and bulk carrier rates. He argues that the state of the tanker market liable to continue, blaming other factors, uncertainties in the policies to be followed by new U.S. administration, particularly fears that political reasons will lead to support the developing countries and discrimination against traders. And he says that he told by the president of Japanese Shipowners' Association "If you think we will continue to watch on while foreign transport Japanese trade through Japanese ports, you are making a big mistake."

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Depositors in this category can deposit or withdraw funds from their accounts simply by presenting their Savings Booklet to any of the Bank's 101 branches and to the 745 Post Offices throughout the country which have a Savings Bank counter and many of which are open also on Sundays and holidays.

The fact that Savings Bank deposits on June 30, 1977, totalled Drs. 70,500 million is indicative of the organization's importance and the confidence it enjoys among Greek depositors.

It is to be noted that the net increase in deposits during the past year amounted to Drs. 15,000 million.

Beyond these basic functions, the Post Office Savings Bank also serves the public by advancing loans against valuables as security, by cashing the cheques of civil service pensioners and by renting 3,000 safety deposit boxes in its vaults.

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